

SOCORRO INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL AND COMPLIANCE REPORTS
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2012

SOCORRO INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL AND COMPLIANCE REPORTS
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CERTIFICATE OF BOARD

Socorro Independent School District
Name of School District

El Paso County
County

071-909
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial and compliance reports of the above named School District were reviewed and (check one) ✓ approved _____ disapproved for the year ended June 30, 2012, at a meeting of the Board of Trustees of such School District on the 13 day of November 2012.



Signature of Board Secretary



Signature of Board President

If the Board of Trustees disapproved of the auditor's report, the reason(s) for disapproving it is(are):
(attach list as necessary)

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Socorro Independent School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Socorro Independent School District as of and for the year ended June 30, 2012, which collectively comprise the Socorro Independent School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Socorro Independent School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Socorro Independent School District, as of June 30, 2012, and the respective changes in financial position and , where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2012, on our consideration of the Socorro Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7 through 19 and 73, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Socorro Independent School District's financial statements. The accompanying combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards, as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133)* are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Socorro Independent School District's basic financial statements. The required TEA schedules are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Gibson, Ruddock, Patterson LLC
El Paso, Texas
October 30, 2012

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MANAGEMENT'S DISCUSSION & ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

This section of Socorro Independent School Districts annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2012. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- On the government-wide financial statements, the assets of the District exceeded liabilities by \$231.5 million. Of this amount, \$70.4 million is unrestricted assets that may be used to meet the District's ongoing obligations. The total net assets of the District increased from \$205.1 million in fiscal year 2011 to \$231.5 million in fiscal year 2012, an increase of \$26.4 million.
- The District's governmental funds financial statements reported a combined ending fund balance in fiscal year 2012 of \$150.7 million. Of this amount, \$1.6 million is reserved in the general fund for inventory, \$8.3 million is restricted for restricted federal or state funds, \$31.4 million is restricted for capital acquisitions, \$34.5 million is restricted for retirement of long-term debt, \$0.8 million is restricted for other purposes, \$4.5 million is committed and \$69.3 million (24.7% of operating expenditures) is unassigned in the general fund and an increase of \$5.1 million from the prior year. The combined ending fund balance of the District increase \$42.4 million.
- During the year, the District's general fund expenses were \$279.6 million or \$9.3 less than the \$288.9 million generated in taxes and other revenues for general fund activities.
- The fund balance in the Debt Service Fund is \$34.5 million. This is an increase of \$2.9 million from the prior year. The District plans to use part of this balance to make the principal and interest debt service payment in August of 2012 before tax collections and state funding are received. The Interest and Sinking Interest tax rate is \$0.26, a three cent increase from fiscal year 2011.
- The District's total long term liabilities at the end of fiscal year 2010 were \$405.3 million, a decreased by \$13.5 million.
- The Print Shop had an operating net gain of \$76,679. The total assets for this fund are \$302,738 as of the end of the fiscal year.
- The Workers' Compensation Insurance Fund had an operating increase of \$50,252 but incurred a negative adjustment for past claims in the amount of \$639,917. The ending total net assets are \$0.7 million, a decrease of \$0.5 million from fiscal year 2011.
- The Health Care Insurance Fund had an operating income of \$4.0 million in fiscal year 2012. The ending net assets for the Health Care Fund are \$22.5 million.
- The District's Child Nutrition Program reported an ending fund balance in fiscal year 2012 of \$7.8 million, an increase of \$2.4 million from the prior year.

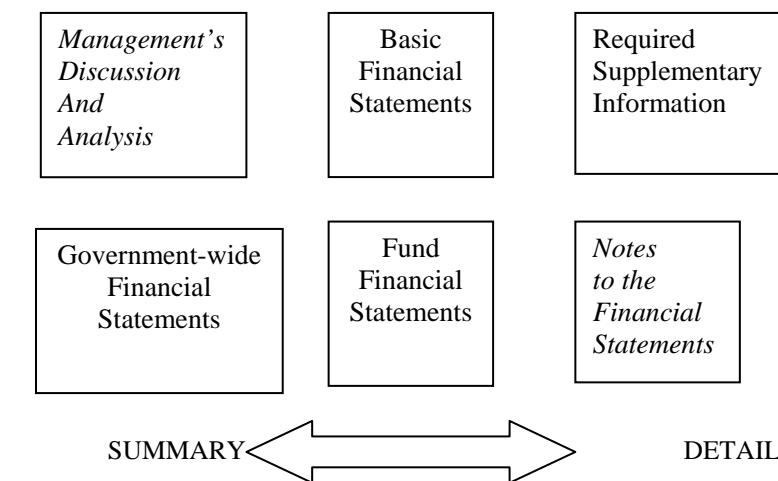
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis* (this section), *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.

- The remaining statements are *fund financial statements* that focus on the *individual parts* of the governments, reporting the District’s operations in *more detail* than the government-wide statements.
 - The *governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
 - *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as food service.
 - *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

Figure A-1. Required Components of The Districts Annual Financial Report



The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarized the major features of the District’s financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Figure A-2. Major Features of the District’s Government-wide and Fund Financial Statements

Type of Statements	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Agency’s government (except fiduciary funds) and the Agency’s component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the districts is the trustee or agent for someone else’s resources
Required financial	*Statement of net assets	*Balance sheet	*Statement of net assets	*Statement of fiduciary net assets

<i>statements</i>	*Statement of activities	*Statement of revenues expenditures & changes in fund balances	*Statement of revenues, expenses and changes in fund net assets *Statement of cash flows	*Statement of changes in fiduciary net assets
<i>Accounting basis and measurements focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Types of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	All revenue and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payments is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's *net assets* and how they have changed. Net assets-the difference between the District's assets and liabilities-is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds*-not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has three kinds of funds:

- *Governmental funds*-Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide

additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

- *Proprietary funds*-Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like government-wide statements, provide both long and short-term financial information.
 - We use *internal service funds* to report activities that provide supplies and services for the District's other programs and activities-such as the District's Self Insurance Fund.
- *Fiduciary funds*-The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that –because of a trust arrangement-can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide fund financial statements.

Other Information

In addition to the basis financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Immediately following the required supplementary information, combining statements are the included for the non-major fund, the internal service funds, and the agency funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets. The District's *combined* net assets for governmental funds and business activities were approximately \$231.5 million at June 30, 2012 (See Table A-1).

Table A-1
The District's Net Assets
(in millions of dollars)

	Governmental & Business Activities		Percentage Change
	2012	2011	
Current and Other Assets	219.9	165.9	32.56%
Capital and Non-Current Assets	486.1	470.6	3.28%
Total Assets	705.9	636.5	10.91%
Current Liabilities	47.2	38.0	24.40%
Long Term Liabilities	427.2	393.4	8.58%
Total Liabilities	474.4	431.4	9.97%
Net Assets			
Invested in Capital Assets			
Net of related debt	85.4	78.3	9.08%
Restricted	75.6	43.0	75.88%
Unrestricted	70.5	83.8	-15.89%
Total Net Assets	231.5	205.1	12.88%

The District's combined net assets increased \$26.4 million from the prior year. The increase was primarily attributable to current assets, particularly cash and cash equivalents, and occurred for several reasons. First, the District issued \$50.3 million of school construction bonds and it took time to begin construction. Second, the District did raise the tax rate by three cents and that generated additional revenues and cash for the debt service fund. Finally, the District did have an increase in cash in the "Other Funds" fund due to the expansion of the "Breakfast in the Classroom" initiative of the Child Nutrition Program. The District also saw an increase in the long-term liabilities due to the issuance of the above said bonds. The District's restricted net assets include restrictions for federal and state programs, debt service, capital projects and campus activities. The \$70.5 million of unrestricted net asset represents resources available to fund programs for the District next year.

Changes in assets. As illustrated in table A-2, the District's total revenues were \$381.2 million. A significant portion (53%) of the District's revenue comes from State aid formula grants (See table A-2), while twenty-three (23%) percent comes from property taxes, twenty-two (22%) percent comes from grants and contributions, and only two (2%) percent relates to charges for services.

The total cost of all programs and services was \$354.4 million; eighty-two (82%) percent of these costs are for instructional and student services; eleven (11%) percent is for maintenance and security, five (5%) percent is for debt service, and two (2%) percent is for general administration.

**Figure A-3 District
Sources of Revenue for Fiscal Year 2012
Governmental Activities**

- The pie chart illustrates the distribution of revenue sources for governmental activities.

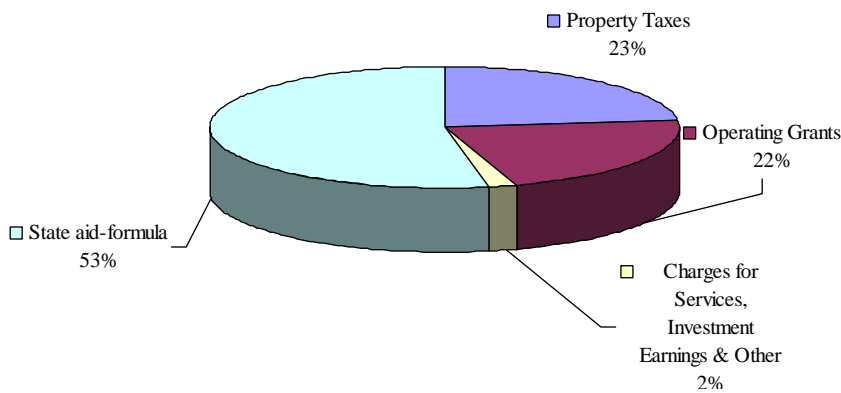


Table A-2
The District's Revenues, Expenditures, and Changes in Fund Balance
(in millions of dollars)

	Governmental & Business Activities		Total % Change
	2012	2011	
Revenues			
<u>Program Revenues</u>			
Charges for Services	4.7	4.0	19%
Operating Grants and Contributions	85.5	85.1	0%
<u>General Revenues</u>			
Property Taxes	88.7	85.5	4%
State aid – formula	201.2	175.4	15%
Grants & Contributions not Restricted	0.0	0.0	0%
Investment earnings	0.2	0.1	52%
Other	1.0	2.1	-53%
Total Revenues	381.2	352.2	8.2%
Expenses			
Instruction and instructional related	200.5	181.3	11%
Instructional leadership/school administration	24.5	20.3	20%
Guidance, social work, health, transportation	26.9	23.2	16%
Food Services	20.2	14.4	40%
Extracurricular activities	9.8	8.5	15%
General Administration	7.3	5.7	27%
Plant maintenance and security	39.7	32.9	21%
Data processing services	5.2	2.8	85%
Community Services	1.8	1.8	-2%
Debt service	17.3	17.4	0%
Other Intergovernmental Charges	1.3	1.1	
Total Expenses	354.4	309.6	14%
Increase in Net Assets	26.8	42.6	-37%
Prior Period Adjustment	-0.4	0.4	
Beginning Net Assets	205.1	162.1	27%
Ending Net Assets	231.5	205.1	13%

The revenues of all *governmental and enterprise* activities this year was \$381.2 million.

- The amount for charges for services increased due to additional extra co-curricular activities at the District.
- Interest rates for the year started at five basis points and then increase to twenty-nine basis points before decreasing to twenty-five basis points. These increased rates, coupled with higher cash balances from the prior year, resulted in an increase of fifty-two (52%) percent in interest earnings.
- A prior year insurance payment to the District for hail damage resulted in a fifty-three (53%) percent decrease for other general revenues.
- A three (3) cent increase in the Interest and Sinking fund tax rate, coupled with a two (2) percent increase in assessed taxable values, resulted in a four (4%) increase in property taxes.
- During the 2009-11 biennium, the State of Texas had used American Recovery and Reinvestment Act (ARRA) funds to balance their budget. With the discontinuation of ARRA funds, the State during the 2012-13 legislative biennium was required to make up those funds in spite of facing a

\$5.4 billion dollar budget shortfall. While it did so (and thus increase the amount the District received from State aid), the District was reduced by \$15.6 million over what it should have received.

The cost of all *governmental and enterprise* activities this year was \$354.4 million.

- The amount that our taxpayers paid for these activities through property taxes was only \$88.7 million.
- Some of the cost was paid by those who directly benefited from the programs (\$4.7 million) or by grants and contributions (\$85.5 million).

Table A-3 presents the cost of each of the District’s largest functions; as well as each function’s *net cost* (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

Table A-3
Net Cost of Selected District Functions
(in millions of dollars)

	Total Cost of Services		% Change	Net Cost of Services		% Change
	<u>2012</u>	<u>2011</u>		<u>2012</u>	<u>2011</u>	
Instruction	200.5	181.3	11%	168.6	147.9	14%
School administration	24.5	20.3	20%	20.7	18.9	10%
Plant Maintenance & Operations	34.2	28.0	22%	32.3	20.8	55%
Debt Service – Interest & Fiscal Charges	17.3	17.4	0%	0.2	0.3	-31%

The total cost of services for instruction increased by 11% due to the change in the end date for the 2011 fiscal year. The change in the fiscal year end date for 2011 created a short “ten-month” fiscal year which reduced expenditures by two months; consequently all the expenditures categories (with the exception of community services) show an increase from the prior year. The net cost of services for plant maintenance and operations increased fifty-five (55%) percent due to the change in the end date of the prior year as well.

FINANCIAL ANALYSIS OF DISTRICT’S FUNDS

Governmental Funds

The District’s total governmental fund is comprised of the General Fund, Debt Service Fund, Capital Projects Fund and Other Funds. At the end of fiscal year 2012 the total assets for governmental funds were \$248.0 million, an increase of \$53.5 million. The total liabilities amounted to \$97.3 million, an increase of \$11.0 million and ending reserves totaled \$150.7 million, an increase of \$42.4 million.

District governmental revenues totaled \$381.3 million, an increase of \$32.1 million from the previous year. The general fund had an increase in local revenues of \$2.3 million due to an increase in assessed taxable values. The debt service fund had an increase in local revenues due to an increase of three (3) cents in the interest and sinking fund tax rate. The increase in state funds were because of two reasons. First, the District experienced an increase in average daily attendance of 3.02%, resulting in additional state revenue. Second, in 2009 the State of Texas had used American Recovery and Reinvestment Act (ARRA) funds to balance their budget. With the discontinuation of ARRA funds for 2012, the State was required to make up those funds. While it did so (and thus increase the amount of cash the District received), the state aid the District should have received was reduced by \$15.6 million.

The Other Funds amount also had an increase due to additional revenue earned by the Child Nutrition Program from the expansion of the “Breakfast in the Classroom” initiative started by the District several years ago.

The District's total governmental expenditures were \$389.5 million, compared to \$316.9 in the prior year. The increase of \$72.5 million is due to the change in the fiscal year of 2011. The change resulted in a "short" ten month fiscal year; so the expenditures incurred in July and August were now included in fiscal year 2012.

Finally, the fund balance in governmental funds was \$150.7 million, an increase of \$42.4 million. The increase is due to several reasons. First, the General Fund had a surplus of \$9.3 million due to smaller than projected expenditures. Second, the Debt Service fund had an increase in local tax collections due to an increase in the interest and sinking fund tax rate. Third, the District issued \$50.3 million in school building construction bonds (offset by \$18.2 million in construction costs) which increased the Capital Projects fund. Finally, the Other Funds fund increase due to the transfer of the remaining fund balance in the 2004 bond construction projects.

Proprietary Funds

The District's Proprietary Funds are those funds, which are primarily self-supporting. The District maintains three Proprietary Funds, which are the Internal Service Funds. These funds are the Print Shop, The Workers' Compensation Fund, and the Health Care Fund.

The Print Shop Fund ended the year with unrestricted net assets of \$302,738, an increase of \$76,679 from the prior year. Total revenues were \$495,877, an increase of \$71,074 from fiscal year 2011. Total operating expenses incurred were \$419,198, an increase of \$82,798 from fiscal year 2011.

The Workers' Compensation Fund experienced an operating loss of \$589,665. Total revenues were \$2,375,771, an increase of \$110,850 from the prior year. Total operating expenses incurred were \$2,965,436, an increase of \$262,769. The ending total net assets for the Workers' Compensation Fund is \$767,711.

The Health Care Fund reported a surplus of \$4,069,931 for fiscal year 2012. Total revenues were \$40,078,224, an increase of \$6,341,353. The major reason for the increase is due to the last year's short ten month period. Health Care expenditures were \$36,008,293 for fiscal year 2012, an increase of \$8,172,804 from the prior year.

Fiduciary Funds

The District's Fiduciary Funds (Trust and Agency) are used to account for assets held by a governmental in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and other funds. The District accounts for student activity funds that are received and held by a campus. The District accounts for student activity funds as agency funds. These funds have no equity and do not include revenues and expenditures for the District. The total amount of assets in the Fiduciary Funds was \$1,577,937, a decrease of \$93,218 from the prior year.

General Fund Budgetary Highlights

The Board of the Socorro Independent School District adopted a general fund budget of \$282,749,476 as well as the revenues to support it on June 21, 2011. Over the course of the year, the District revised its General Fund budget several times.

- The District rolled over outstanding encumbrances in the amount of \$3,067,944.
- The District increased the budget in the amount of \$1,123,710 due to unexpended insurance proceeds received in prior years for freeze and flood damages.
- The District increased the budget in the amount of \$375,092 due to the receipt of federal impact aid funds.
- The District increased the budget in the amount of \$1,500,000 due to projected increase in state revenues (\$600,000) and Career and Technology Education (\$900,000) program requirements.
- The District increased the budget in the amount of \$654,060 due to the transfer of the Aquatic Center's budget into the general fund.
- The District increased the budget in the amount of \$7,800,000 to reflect the Board of Trustee's commitment of fund balance for the installation of a new software system, installation of artificial turf at all the comprehensive high schools, and capital improvements district-wide.

A review of the final budget to actual expenditures indicated that the District did not exceed the final budget amount, on a per function basis, in any function. Actual expenditures were \$19,125,392 below final budget amounts and total revenues were \$2,730,363 above budgeted amounts.

Table A-4
Budget and Actual – General Fund
(in millions of dollars)

	Final Budget	Actual	Variance
REVENUES:			
5700 Total Local and Intermediate Sources	70.5	71.3	0.7
5800 State Program Revenues	213.9	213.7	-0.1
5900 Federal Program Revenues	1.8	3.9	2.1
5020 Total Revenues	<u>286.2</u>	<u>288.9</u>	<u>2.7</u>
EXPENDITURES:			
Current:			
0011 Instruction	175.9	171.8	4.0
0012 Instructional Resources and Media Services	2.5	2.0	0.4
0013 Curriculum and Instructional Staff Development	1.2	0.9	0.2
0021 Instructional Leadership	4.1	3.8	0.2
0023 School Leadership	18.4	17.9	0.5
0031 Guidance, Counseling and Evaluation Services	8.5	8.2	0.3
0032 Social Work Services	1.3	1.2	0.0
0033 Health Services	1.3	1.1	0.1
0034 Student (Pupil) Transportation	10.8	9.1	1.7
0035 Food Services	0.0	0.0	0.0
0036 Extracurricular Activities	9.6	8.5	1.0
0041 General Administration	7.3	7.0	0.2
0051 Facilities Maintenance and Operations	37.4	32.5	4.8
0052 Security and Monitoring Services	6.2	5.5	0.7
0053 Data Processing Services	5.8	4.8	1.0
0061 Community Services	0.7	0.7	0.0
Debt Service:			
0071 Debt Service - Principal on Long Term Debt	0.3	0.3	0.0
0072 Debt Service - Interest on Long Term Debt	0.0	0.0	0.0
Capital Outlay:			
0081 Facilities Acquisition and Construction	5.5	2.3	3.1
Intergovernmental:			
0099 Other Intergovernmental Charges	1.2	1.2	0.0
6030 Total Expenditures	<u>298.7</u>	<u>279.6</u>	<u>19.1</u>
OTHER FINANCING SOURCES (USES):			
7912 Sale of Real and Personal Property	0.0	0.0	0.0
7913 Capital Leases	0.0	0.0	0.0
7915 Transfers In	0.0	0.0	0.0
7080 Total Other Financing Sources (Uses)	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>

1200 Net Change in Fund Balances	-12.5	9.3	21.8
0100 Fund Balance - September 1 (Beginning)	65.2	65.2	0.0
1300 Prior Period Adjustment	0.0	0.4	0.4
3000 Fund Balance - August 31 (Ending)	<u>52.7</u>	<u>75.0</u>	<u>22.3</u>

District Fund Balance Policy

In fiscal year 2010, the Board of Trustees adopted a minimum fund balance policy for the General Fund and Debt Service fund. The policy requires the unassigned fund balance at fiscal year-end to be at least equal to sixteen point six-six (16.66) percent, or two months of the subsequent year's budgeted general fund expenditures. In addition, the fund balance for the debt service will be at least ten (10) percent of the current year's debt service requirements for the debt service fund and no more than twenty-five (25) percent of the current year's debt service requirements.

During 2012, the unassigned fund balance in the General Fund (less encumbrances and E-Rate) was twenty-three (23) percent of current year expenditures. The Debt Service fund balance was ninety-seven (97) percent of current year expenditures. The change in the end date to the District's fiscal year in 2011 from August to June resulted in the Debt Service fund balance being higher than the twenty-five (25) percent threshold. Given that the first debt service payment of the fiscal year is now in August, before the District receives tax receipts or state aid, it is imperative that this higher than required fund balance exist. The Administration will look to recommend a modification of the fund balance policy to reflect this fact in the near future.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2012, the district had invested \$486.8 million in a broad range of capital assets, including land, buildings, construction-in-progress, equipment, and vehicles (See Table A-5). This amount represents a net increase (including additions and deductions) of \$16.2 million. More detailed information about the District's capital assets is presented in Notes 1 and 4 to the financial statements.

Table A-5
District's Capital Assets
(in millions of dollars)

	Governmental Activities		Total % Change
	2012	2011	
Land	42.8	41.0	4%
Buildings and improvements	488.8	485.2	1%
Construction in Progress	16.7	0.0	35290%
Furniture and Equipment	38.5	34.0	13%
Leased property under capital lease	1.1	1.1	0%
Total at historical cost	<u>587.9</u>	<u>561.3</u>	5%
Total accumulated depreciation	<u>-101.1</u>	<u>-90.7</u>	11%
Net Capital Assets	<u>486.8</u>	<u>470.6</u>	3%

In 2012, the District started construction on a new \$35 million dollar combo school (middle and elementary school with shared dining and library facilities) as well as construction on phase III for Eastlake High School and various HAVC upgrades for the elementary schools. As a result, the construction in progress amount increased significantly (35290%) from the prior year, as did the building and improvements amount.

Long-Term Debt

At year-end the District had \$399.6 million in bonds and leases outstanding as shown in Table A-6. More detailed information about the District’s debt is presented in note IV-G to the Financial Statements.

Table A-6
District’s Long Term Debt
(in millions of dollars)

	Governmental		
	2012	2011	Change
Lease Payable	0.4	0.7	-50%
Bonds Payable	399.2	364.8	9%
Total bonds and notes payable	399.6	365.6	9%

At year-end, the District had \$399.6 million in long term outstanding versus \$365.6 at the end of fiscal year 2011. This is due to the District’s issuance of \$50.3 million on school building bonds. This is the first issuance of the \$297 million bond election approved by the voters in 2011. The District intends to issue the remaining authorized bonds within a three year period to provide classrooms for the significant enrollment growth that it has experienced. Finally, the District has aggressively managed its debt by competitive bidding to obtain the best interest rates available and by refinancing existing debt for lower rates when in the best interest of the District. These actions have provided an adequate cash flow so that at no time has the District been short of cash when needed, nor has the District been forced to borrow funds to meet cash obligations.

Bond Ratings

The District’s bonds presently carry an “AAA” rating. Underlying ratings were recalibrated in April of 2010 as follows: Fitch from “A+” to “AA-” and Moody’s from “A1” to “Aa2”

ECONOMIC FACTORS AND NEXT YEAR BUDGETS AND RATES:

- The appraised net taxable value used for the 2013 budget preparation was increased by \$230.4 million or 3.25% from 2012.
- Upon the budget's adoption, the District's projected 2013 refined average daily attendance is expected to be 42,072, a 3.00% increase from 2012. The current refined average daily attendance, at date of issuance, is 41,340 or 1.32% from 2012. The administration is looking closely at this matter.

For fiscal year 2013, the District adopted a proposed budget of \$358,195,190. This amount was composed of the General Fund (\$296,918,975), the Food Service fund (\$22,137,354), and the Debt Service fund (\$39,138,861). The adopted general fund budget represented a small (0.37%) increase from the 2012 amended budget. Budget variables impacting the General Fund budget consisted of a state funding shortfall of \$6.0 million to the district and a loss of \$7.2 million of federal funding via the Education Jobs Bill. In light of these factors, the Governing Board increased the maintenance and operations tax rate by three cents and thereby generated an additional \$8.2 million dollars in state and local funds. In addition, the administration instituted a "traditional" class schedule (as opposed to a "block" schedule) and was able to reduce the number of secondary teaching positions needed by seventy-one (71) positions, shaving \$3.9 million from the operating budget. Finally, the Administration proposed, and the Governing Board accepted, a modest 1.5% increase in compensation (hourly employees received a 2.0% increase) for the employees of the District. For debt service, the district issued \$50.3 million in school building bonds as phase one of the 2011 bond program and therefore increased the debt service budget by \$4.1 million dollars. The increase is due to the passage of a bond election in the amount of \$297 million. The proceeds will be used to complete the master plans of two existing high schools, build a combo school, build two elementary schools, equip and furnish the said schools, renovating high school science labs, technology infrastructure, and HVAC upgrades for all elementary schools. To support the budget, the District also increase the interest and sinking tax rate by three (3) cents over the prior year.

To support the total budget for fiscal year 2013, the Board adopted a total tax rate of \$1.27 per \$100 of assessed property valuation, an increase of \$0.06 from the prior year. Of this amount, \$0.98 is for maintenance and operations and the remaining \$0.29 is for debt service.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Financial Services Department, at the Socorro Independent School District, 12440 Rojas Dr., El Paso, Texas, 79928.

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BASIC FINANCIAL STATEMENTS

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SOCORRO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 178,603,327
1220 Property Taxes Receivable (Delinquent)	6,520,117
1230 Allowance for Uncollectible Taxes	(2,673,359)
1240 Due from Other Governments	31,717,593
1267 Due from Fiduciary Funds	477,536
1290 Other Receivables, net	1,250,606
1300 Inventories	1,650,971
1410 Deferred Expenses	914,791
1420 Capitalized Bond and Other Debt Issuance Costs	1,425,250
Capital Assets:	
1510 Land	42,799,402
1520 Buildings, Net	410,006,822
1530 Furniture and Equipment, Net	15,629,501
1550 Leased Property Under Capital Leases, Net	906,313
1580 Construction in Progress	16,712,992
1000 Total Assets	705,941,862
LIABILITIES	
2110 Accounts Payable	17,770,382
2140 Interest Payable	6,341,429
2150 Payroll Deductions & Withholdings	3,329,153
2160 Accrued Wages Payable	12,863,305
2180 Due to Other Governments	585,067
2200 Accrued Expenses	5,614,021
2300 Deferred Revenues	734,558
Noncurrent Liabilities	
2501 Due Within One Year	14,817,612
2502 Due in More Than One Year	412,367,760
2000 Total Liabilities	474,423,287
NET ASSETS	
3200 Invested in Capital Assets, Net of Related Debt	85,389,737
3820 Restricted for Federal and State Programs	8,737,300
3850 Restricted for Debt Service	34,566,126
3860 Restricted for Capital Projects	31,436,258
3870 Restricted for Campus Activities	893,554
3900 Unrestricted Net Assets	70,495,600
3000 Total Net Assets	\$ 231,518,575

The notes to the financial statements are an integral part of this statement.

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SOCORRO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Primary Gov. Governmental Activities

Primary Government:

GOVERNMENTAL ACTIVITIES:

11 Instruction	\$ 191,359,973	\$ 233,872	\$ 25,465,895	\$ (165,660,206)
12 Instructional Resources and Media Services	4,692,096	-	2,535,506	(2,156,590)
13 Curriculum and Staff Development	4,450,904	131,915	3,494,779	(824,210)
21 Instructional Leadership	4,008,255	-	367,433	(3,640,822)
23 School Leadership	20,491,052	-	3,420,937	(17,070,115)
31 Guidance, Counseling and Evaluation Services	11,036,181	-	3,296,526	(7,739,655)
32 Social Work Services	1,754,274	-	545,969	(1,208,305)
33 Health Services	3,689,483	-	5,618,604	1,929,121
34 Student (Pupil) Transportation	10,408,184	-	788,330	(9,619,854)
35 Food Services	20,153,383	3,622,965	18,325,948	1,795,530
36 Extracurricular Activities	9,827,656	455,785	565,004	(8,806,867)
41 General Administration	7,287,201	-	692,268	(6,594,933)
51 Facilities Maintenance and Operations	34,167,377	164,415	1,663,441	(32,339,521)
52 Security and Monitoring Services	5,545,398	-	274,929	(5,270,469)
53 Data Processing Services	5,186,587	103,238	196,718	(4,886,631)
61 Community Services	1,759,981	10,194	1,058,544	(691,243)
72 Debt Service - Interest on Long Term Debt	16,483,403	-	17,123,789	640,386
73 Debt Service - Bond Issuance Cost and Fees	855,041	-	-	(855,041)
81 Capital Outlay	-	-	28,825	28,825
99 Other Intergovernmental Charges	1,278,526	-	-	(1,278,526)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 354,434,955	\$ 4,722,384	\$ 85,463,445	(264,249,126)

Data Control Codes	General Revenues:		
	Taxes:		
MT	Property Taxes, Levied for General Purposes		69,542,757
DT	Property Taxes, Levied for Debt Service		19,187,858
SF	State Aid - Formula Grants		201,152,507
IE	Investment Earnings		184,516
MI	Miscellaneous Local and Intermediate Revenue		979,017
TR	Total General Revenues		291,046,655
CN	Change in Net Assets		26,797,529
NB	Net Assets--Beginning		205,103,456
PA	Prior Period Adjustment		(382,410)
NE	Net Assets--Ending		\$ 231,518,575

The notes to the financial statements are an integral part of this statement.

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

SOCORRO INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 57,213,445	\$ 35,712,194	\$ 47,922,667
1220 Property Taxes - Delinquent	5,189,226	1,330,891	-
1230 Allowance for Uncollectible Taxes (Credit)	(2,047,055)	(626,304)	-
1240 Receivables from Other Governments	22,914,242	908,129	-
1260 Due from Other Funds	36,946,912	328,558	-
1290 Other Receivables	1,022,356	-	-
1300 Inventories	1,262,694	-	-
1410 Deferred Expenditures	814,031	-	-
1000 Total Assets	<u>\$ 123,315,851</u>	<u>\$ 37,653,468</u>	<u>\$ 47,922,667</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
2110 Accounts Payable	\$ 5,062,328	\$ -	\$ 10,996,691
2150 Payroll Deductions and Withholdings Payable	3,329,153	-	-
2160 Accrued Wages Payable	12,367,308	-	-
2170 Due to Other Funds	24,221,044	2,515,934	8,736,486
2180 Due to Other Governments	557,340	-	-
2300 Deferred Revenues	2,704,411	571,408	-
2000 Total Liabilities	<u>48,241,584</u>	<u>3,087,342</u>	<u>19,733,177</u>
Fund Balances:			
Nonspendable Fund Balance:			
3410 Inventories	1,262,694	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	28,189,490
3480 Retirement of Long-Term Debt	-	34,566,126	-
3490 Other Restricted Fund Balance	-	-	-
Committed Fund Balance:			
3545 Other Committed Fund Balance	4,508,334	-	-
3600 Unassigned Fund Balance	69,303,239	-	-
3000 Total Fund Balances	<u>75,074,267</u>	<u>34,566,126</u>	<u>28,189,490</u>
4000 Total Liabilities and Fund Balances	<u>\$ 123,315,851</u>	<u>\$ 37,653,468</u>	<u>\$ 47,922,667</u>

The notes to the financial statements are an integral part of this statement.

Other Funds	Total Governmental Funds
\$ 29,620,916	\$ 170,469,222
-	6,520,117
-	(2,673,359)
7,895,222	31,717,593
1,313,565	38,589,035
14,520	1,036,876
356,974	1,619,668
-	814,031
<u>\$ 39,201,197</u>	<u>\$ 248,093,183</u>
\$ 1,686,715	\$ 17,745,734
-	3,329,153
495,997	12,863,305
23,441,993	58,915,457
27,727	585,067
671,143	3,946,962
<u>26,323,575</u>	<u>97,385,678</u>
356,974	1,619,668
8,380,326	8,380,326
3,246,768	31,436,258
-	34,566,126
893,554	893,554
-	4,508,334
-	69,303,239
<u>12,877,622</u>	<u>150,707,505</u>
<u>\$ 39,201,197</u>	<u>\$ 248,093,183</u>

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SOCORRO INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
JUNE 30, 2012

Total Fund Balances - Governmental Funds	\$ 150,707,505
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase net assets.	23,646,954
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$561,347,309 and the accumulated depreciation was \$90,711,564. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net assets.	79,159,456
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2012 capital outlays and debt principal payments is to decrease net assets.	(13,962,681)
4 The 2012 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.	(11,245,063)
5 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net assets.	3,212,404
19 Net Assets of Governmental Activities	<u>\$ 231,518,575</u>

The notes to the financial statements are an integral part of this statement.

SOCORRO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 71,315,753	\$ 19,550,166	\$ 61,026
5800 State Program Revenues	213,725,574	17,123,789	-
5900 Federal Program Revenues	3,945,062	-	-
5020 Total Revenues	<u>288,986,389</u>	<u>36,673,955</u>	<u>61,026</u>
EXPENDITURES:			
Current:			
0011 Instruction	171,899,838	-	244,302
0012 Instructional Resources and Media Services	2,058,017	-	-
0013 Curriculum and Instructional Staff Development	985,718	-	-
0021 Instructional Leadership	3,845,356	-	-
0023 School Leadership	17,902,465	-	-
0031 Guidance, Counseling and Evaluation Services	8,220,091	-	-
0032 Social Work Services	1,275,832	-	-
0033 Health Services	1,136,177	-	-
0034 Student (Pupil) Transportation	9,160,603	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	8,517,235	-	-
0041 General Administration	7,031,934	-	-
0051 Facilities Maintenance and Operations	32,561,148	-	-
0052 Security and Monitoring Services	5,515,714	-	-
0053 Data Processing Services	4,802,150	-	3,662,095
0061 Community Services	727,577	-	-
Debt Service:			
0071 Principal on Long Term Debt	368,148	11,548,682	-
0072 Interest on Long Term Debt	12,320	20,817,294	-
0073 Bond Issuance Cost and Fees	-	45,277	583,946
Capital Outlay:			
0081 Facilities Acquisition and Construction	2,336,047	-	18,292,809
Intergovernmental:			
0099 Other Intergovernmental Charges	1,278,526	-	-
6030 Total Expenditures	<u>279,634,896</u>	<u>32,411,253</u>	<u>22,783,152</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9,351,493</u>	<u>4,262,702</u>	<u>(22,722,126)</u>
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued (Regular Bonds)	-	1,920,964	48,424,036
7916 Premium or Discount on Issuance of Bonds	-	98,681	2,487,580
8949 Other (Uses)	-	(1,920,964)	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>98,681</u>	<u>50,911,616</u>
1200 Net Change in Fund Balances	9,351,493	4,361,383	28,189,490
0100 Fund Balance - July 1 (Beginning)	65,252,722	31,057,205	-
1300 Increase (Decrease) in Fund Balance	470,052	(852,462)	-
3000 Fund Balance - June 30 (Ending)	<u>\$ 75,074,267</u>	<u>\$ 34,566,126</u>	<u>\$ 28,189,490</u>

The notes to the financial statements are an integral part of this statement.

Other Funds	Total Governmental Funds
\$ 3,788,881	\$ 94,715,826
2,900,525	233,749,888
48,918,002	52,863,064
<u>55,607,408</u>	<u>381,328,778</u>
16,522,958	188,667,098
2,452,569	4,510,586
3,487,668	4,473,386
174,348	4,019,704
2,519,054	20,421,519
2,850,038	11,070,129
496,140	1,771,972
2,517,768	3,653,945
368,487	9,529,090
19,482,675	19,482,675
127,381	8,644,616
121,386	7,153,320
1,064,249	33,625,397
21,560	5,537,274
64,574	8,528,819
1,051,935	1,779,512
-	11,916,830
-	20,829,614
-	629,223
1,352,779	21,981,635
<u>-</u>	<u>1,278,526</u>
54,675,569	389,504,870
<u>931,839</u>	<u>(8,176,092)</u>
-	50,345,000
-	2,586,261
-	(1,920,964)
<u>-</u>	<u>51,010,297</u>
931,839	42,834,205
11,945,783	108,255,710
-	(382,410)
<u>\$ 12,877,622</u>	<u>\$ 150,707,505</u>

SOCORRO INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2012

Total Net Change in Fund Balances - Governmental Funds	\$	42,834,205
 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net assets.		3,556,945
 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2012 capital outlays and debt principal payments is to decrease net assets.		(8,305,245)
 Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.		(11,245,063)
 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net assets.		(43,313)
 Change in Net Assets of Governmental Activities	 <u>\$</u>	 <u>26,797,529</u>

The notes to the financial statements are an integral part of this statement.

PROPRIETARY FUND FINANCIAL STATEMENTS

SOCORRO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Governmental Activities -
	Total Internal Service Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 8,134,105
Due from Other Funds	23,298,523
Other Receivables	213,730
Inventories	31,303
Deferred Expenses	100,760
Total Current Assets	<u>31,778,421</u>
Noncurrent Assets:	
Capital Assets:	
Furniture and Equipment	330,576
Depreciation on Furniture and Equipment	<u>(328,809)</u>
Total Noncurrent Assets	<u>1,767</u>
Total Assets	<u>31,780,188</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	24,648
Due to Other Funds	2,494,565
Accrued Expenses	<u>5,614,021</u>
Total Liabilities	<u>8,133,234</u>
NET ASSETS	
Investments in Capital Assets, Net of Debt	1,767
Unrestricted Net Assets	<u>23,645,187</u>
Total Net Assets	<u><u>\$ 23,646,954</u></u>

The notes to the financial statements are an integral part of this statement.

SOCORRO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 42,949,872
Total Operating Revenues	42,949,872
OPERATING EXPENSES:	
Payroll Costs	623,055
Professional and Contracted Services	38,610,650
Supplies and Materials	113,741
Other Operating Costs	42,000
Depreciation Expense	3,481
Total Operating Expenses	39,392,927
Operating Income	3,556,945
Total Net Assets - July 1 (Beginning)	20,090,009
Total Net Assets - June 30 (Ending)	\$ 23,646,954

The notes to the financial statements are an integral part of this statement.

SOCORRO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 42,927,120
Cash Received from Assessments - Other Funds	179,740
Cash Payments to Employees for Services	(623,055)
Cash Payments for Suppliers	(99,097)
Cash Payments for Other Operating Expenses	(41,951,023)
Net Cash Provided by Operating Activities	<u>433,685</u>
Net Increase in Cash and Cash Equivalents	433,685
Cash and Cash Equivalents at Beginning of Year	<u>7,700,420</u>
Cash and Cash Equivalents at End of Year	<u>\$ 8,134,105</u>
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income:	\$ 3,556,945
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	3,481
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Due from Other Funds	(4,484,759)
Decrease (increase) in Receivables	(22,752)
Decrease (increase) in Inventories	1,566
Decrease (increase) in Deferred Expenses	(29,636)
Increase (decrease) in Accounts Payable	8,246
Increase (decrease) in Due to Other Funds	178,174
Increase (decrease) in Accrued Expenses	1,222,420
Net Cash Provided by Operating Activities	<u>\$ 433,685</u>

The notes to the financial statements are an integral part of this statement.

FIDUCIARY FUND FINANCIAL STATEMENTS

SOCORRO INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2012

	Agency Fund
ASSETS	
Cash and Cash Equivalents	\$ 1,560,715
Other Receivables	17,222
Total Assets	<u>\$ 1,577,937</u>
LIABILITIES	
Due to Other Funds	\$ 477,536
Due to Other Governments	110,145
Due to Student Groups	990,256
Total Liabilities	<u>\$ 1,577,937</u>

The notes to the financial statements are an integral part of this statement.

SOCORRO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Socorro Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board as stated in GASB Statement No. 55 and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

A. Reporting Entity

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

B. Government-Wide and Fund Financial Statements

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the District's nonfiduciary activities with most of the interfund activities removed. Governmental activities include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include teacher certification, school lunch charges, staff development, media production, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

Interfund activities between governmental funds and between governmental and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Assets, and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Assets. All interfund transactions between governmental funds, and between governmental and internal service funds, are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Activities.

(Continued)

SOCORRO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds as major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues and expenses are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues, other than property tax revenues, available if they are collectible within one year after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible -to- accrual" concept, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

(Continued)

SOCORRO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors some times require the District to refund all or part of the unused amount.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Assets. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

The District has implemented GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements," which supercedes GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting ". This Statement provides accounting and financial reporting guidance for certain pronouncements issued pre and post November 30, 1989.

D. Fund Accounting

The District reports the following major governmental funds:

1. The General Fund - The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. Capital Projects Fund - 2011 Bond Issue - The proceeds from long-term debt financing will be used to construct, equip and renovate school buildings in the District and pay any associated costs.
3. Debt Service Fund - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Additionally, the District reports the following fund types:

Governmental Funds:

1. Nonmajor Capital Projects - The proceeds from long-term debt financing will be used to construct, renovate, acquire and equip school buildings and purchase sites for school buildings and pay any associated costs.

(Continued)

SOCORRO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds - The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most federal and some state financial assistance is accounted for in a special revenue fund and sometimes unused balances must be returned to the grantor at the close of specified project periods. Lastly, the District's Internal Activity Fund is accounted for here for miscellaneous activities and Community Education.
3. Permanent Funds - The District has no permanent funds.

Proprietary Funds:

4. Enterprise Funds - The District has no enterprise funds.
5. Internal Service Funds - Revenues and expenses related to services provided to organizations inside the District on a cost-reimbursement basis are accounted for in an internal service fund. The District operates three internal service funds. The District's internal service funds are the Print Shop, and two insurance funds that cover workers' compensation and medical claims.

Fiduciary Funds:

6. Private Purpose Trust Funds - The District has no private purpose trust funds.
7. Pension (and Other Employee Benefit) Trust Funds - The District has no pension trust funds.
8. Investment Trust Fund - The District has no investment trust funds.
9. Agency Funds - The District accounts for resources held for others in a custodial capacity in agency funds. Assets equal liabilities - this fund does not include measurements or results of operations. The District's agency fund is the student activity account.

E. Other Accounting Policies

1. For the purposes of the statement of cash flows for proprietary funds, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. All investments with an original maturity greater than one year from date of purchase are stated at fair value based on quoted market prices as of year end. Investments with an original maturity of less than one year are reported at amortized cost.

(Continued)

SOCORRO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.
4. The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. Management asserts that the District is in substantial compliance with the requirements of the Act and with local policies.
5. Additional policies and contractual provisions governing deposits and investments for the District are specified below:

Credit Risk:

Deposits - not applicable.

Temporary Investments - To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments in commercial paper, corporate bonds, mutual bond funds to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2012, the district's investments in TexPool, LoneStar and LOGIC and TexasTERM were rated AAAM by Standard & Poor's. See Note IV for further detail.

Custodial Credit Risk:

Deposits - State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has minimal custodial credit risk for deposits.

(Continued)

SOCORRO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Temporary Investments - To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party, the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. This includes securities in securities lending transactions. Investment pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book-entry form.

Concentration of Credit Risk:

Deposits - not applicable.

Temporary Investments - To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District's policy states that the portfolio must be diversified. Concentration of Credit Risk is not applicable to investment pools since the purpose of these pools is to diversify the District's investment portfolio.

Interest Rate Risk:

Deposits - not applicable

Temporary Investments - To limit the risk that changes in interest rates will adversely affect the fair value of the investments, the District requires its investment portfolio to have maturities of less than one year on a weighted average maturity (WAM) basis. All of the District's investment pools qualify as a 2a7-like pools and are excluded from the interest rate risk disclosure requirement per the GASB No. 59 Statement. See Note IV for further details.

Foreign Currency Risk:

Deposits - The District attempts to limit the risk that changes in exchange rates will adversely affect a deposit by avoiding deposits denominated in a foreign currency.

Temporary Investments - The District attempts to limit the risk that changes in exchange rates will adversely affect the fair value of an investment by avoiding investment pools or securities which are denominated in a foreign currency.

6. The District reports inventories of supplies at weighted average cost including consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.

(Continued)

SOCORRO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

All individually federally funded assets with a cost of \$5,000 or more shall be capitalized in accordance with the afore mentioned policies. Only COWS (computers on wheels), computer labs, or Web-based software purchased with federal funds shall be capitalized if the following criteria are met: computers and accessories for a computer lab are housed in the same location; the aggregate cost of the like items is equal to or exceeds \$5,000; and the useful life is greater than one year.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10 to 70
Improvements	15 to 20
Vehicles	10
Other Equipment	7 to 10
Computer/Software	5
Furniture	20
Portable Structures	25

8. It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District.
9. The District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance - represents amounts that are in nonspendable form, such as inventory, or that are required to maintain intact.

(Continued)

SOCORRO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted fund balance - represents amounts constrained to specific purposes by their providers, such as grantors, bondholders, and higher levels of government, through constitutional provisions, or by enabling legislation.

Committed fund balance - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority, i.e., Board of Trustees. To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

Assigned fund balance - amounts the District intends to use for a specific purpose. Intent can be expressed by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority.

Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for construction projects, capital expenditures, and claims/judgments). An assignment of fund balance does not require the Board of Trustees approval but can be made through the Superintendent or designated District fund managers.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees, the Superintendent or the District fund managers have provided otherwise in their commitment or assignment actions.

In fiscal year 2010, the Board of Trustees adopted a minimum fund balance policy for the general fund and debt service fund. The policy requires the unassigned fund balance at fiscal year-end to be at least equal to 16.66 percent (two months) of the subsequent year's budgeted general fund expenditures. In addition, the fund balance for the debt service will be at least 10 percent of the current year's debt service requirements for the debt service fund and no more than 25 percent of the current year's debt service requirements.

10. Since internal service funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.

(Continued)

SOCORRO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. The District sponsors self-insurance plans to provide health care benefits to employees and their dependents, and worker's compensation benefits to employees. Revenues of Internal Service Funds are received from both the General and Special Revenue Funds, as well as from interest on investments and premiums charged to employees. Expenses are comprised of claims incurred during the fiscal year, professional and contracted services and other miscellaneous expenses. The General Fund is contingently liable for liabilities of these funds.
12. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. The Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a statewide data base for policy development and funding plans.
13. The District receives substantial amounts of funding from special revenue sources. The majority of this money is cost reimbursement to the District by the federal government or Texas Education Agency. The portion of revenue allowable for indirect cost is credited as revenue to the General Fund and as a reduction to revenue in the Special Revenue Fund, as appropriate. These indirect costs are then fully allocated to function 41, General Administration, on the Government-wide Statement of Activities.
14. In accordance with the Resource Guide, the District has adopted and installed an accounting system which meets as least the minimum requirements prescribed by the Texas State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Resource Guide. Mandatory codes are recorded in the order provided in the Resource Guide.
15. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(Continued)

SOCORRO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net assets from governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net assets of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net asset balance and the change in net assets.

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Data

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund (which is included in the special revenue funds). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the other two reports are in Exhibit J-4 and J-5. The Board does not adopt a budget for special revenue funds since the budgets are designated by the grantor.

(Continued)

SOCORRO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. The budget is prepared prior to June 19 for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. On June 21, 2011, the budget was legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At June 30, 2012 the carrying amount of the District's general fund, major and nonmajor governmental funds, internal service funds, and agency funds, deposits and temporary investments (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) were \$57,213,445, \$83,634,861, \$29,620,916, \$8,134,105 and \$1,560,715, and the related bank/investment balance was \$182,485,242.

The District's cash deposits at June 30, 2012 and during the year ended June 30, 2012 were entirely covered by the Transaction Account Guarantee Program (TAG), the Dodd-Frank Deposit Insurance Provision, the FDIC insurance up to \$250,000 or by pledged collateral held by the District's agent bank in the District's name. The TAG provides unlimited coverage for noninterest bearing transaction deposit accounts at FDIC-insured institutions through December 31, 2011. The Dodd-Frank Deposit Insurance provision is effective from December 31, 2011 through December 31, 2012 and states that all funds in noninterest-bearing transaction accounts held at FDIC-insured depository institutions ("IDIs") will be fully insured under the Dodd-Frank Deposit Insurance Provision.

(Continued)

SOCORRO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

IV. DETAILED NOTES ON ALL FUNDS (Continued)

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Depository: Wells Fargo - El Paso, Texas
- b. The market value of bonds and securities pledged, and depository bond insurance, as of the date of the highest combined balance on deposit was \$3,000,000.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$11,816,280.82 and occurred during the month of May 2012.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$9,855,473.66.

Due to the immediate availability of these funds, these temporary investments are included in cash and cash equivalents. The District's temporary investments as of June 30, 2012, are shown as follows:

Name	Amortized Cost	Fair Value	WAM (in days)	Rating
Tex Pool Investment Pool	\$ 39,252,388	\$ 39,252,388	46	AAAm(S&P)
Lone Star - Government Overnight Fund	46,656,005	46,656,005	50	AAAm(S&P)
LOGIC	40,045,908	40,045,908	38	AAAm(S&P)
Texas TERM Investment Pool	37,025,758	37,025,758	50	AAAm(S&P)
Total	<u>\$ 162,980,059</u>	<u>\$ 162,980,059</u>		

During the year ended June 30, 2012, the District also invested in repurchase agreements. These operating funds were invested overnight and available for use the following day, thus they were considered cash and cash equivalent.

TexPool is a local government investment pool in the State of Texas. The State Comptroller of Public Accounts oversees TexPool. There is also a TexPool Advisory Board, composed of participants, which advises on TexPool's Investment policy and approves fee increases. The Lone Star Investment Pool is a member owned, member-governed public funds investment pool. It is managed by an eleven member Board of Trustees and the Board is authorized to adopt and maintain bylaws. LOGIC (Local Government Investment Cooperative) is a local government investment pool administered by First Southwest Asset Management, Inc and JPMorgan Chase. TexasTERM Local Government Investment Pool is owned and operated by the Pool's investors. The Pool's investors elect Advisory Board Members who are responsible for overall management of the Pool, including formulation and implementation of investment and operating policies.

(Continued)

SOCORRO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

IV. DETAILED NOTES ON ALL FUNDS (Continued)

B. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

C. Delinquent Taxes Receivable

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

D. Other Receivables

Accounts receivable of \$1,022,356 in the general fund, and \$14,520 in nonmajor governmental funds are shown at gross value. Accounts receivable shown in the nonmajor governmental funds corresponds to the Child Nutrition Program and the Got Breakfast Grant. Management believes an allowance for doubtful accounts is not necessary for fair presentation.

(Continued)

SOCORRO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

IV. DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables and Payables

During the normal course of operations transactions occur that generate a balance between funds. These balances are the result of normal operations and are cleared out periodically. Management intends to pay out these balances within one year. Interfund balances at June 30, 2012 consisted of the following individual fund balances:

	Due from Other Funds	Due to Other Funds
General Fund:		
General Fund - Aquatics	\$ 1,240	\$ 1,240
Debt Service	2,515,934	-
Capital Projects - Bond 2011	8,664,156	-
Nonmajor Governmental Funds	22,793,481	921,281
Internal Service	2,494,565	23,298,523
Agency Funds	477,536	-
Total General Fund	36,946,912	24,221,044
Debt Service Fund:		
General Fund	-	2,515,934
Capital Projects - Bond 2011	72,330	-
Nonmajor Governmental Funds	256,228	-
Total Debt Service Fund	328,558	2,515,934
Capital Projects - Bond 2011:		
General Fund	-	8,664,156
Debt Service	-	72,330
Total Capital Projects - Bond 2011	-	8,736,486
Nonmajor Governmental Funds:		
General Fund	921,281	22,793,481
Debt Service	-	256,228
Nonmajor Governmental Funds	392,284	392,284
Total Nonmajor Governmental Funds	1,313,565	23,441,993
Internal Service Funds:		
General Fund	23,298,523	2,494,565
Agency Funds:		
General Fund	-	477,536
Total	\$ 61,887,558	\$ 61,887,558

(Continued)

SOCORRO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

IV. DETAILED NOTES ON ALL FUNDS (Continued)

F. Capital Asset Activity

Capital asset activity for the District for the year ended June 30, 2012, was as follows:

	Primary Government			
	Beginning Balance	Additions	Deletion, Reclassification and Adjustment	Ending Balance
<u>Governmental activities:</u>				
Land	\$ 41,033,779	\$ 1,765,623	\$ -	\$ 42,799,402
Buildings and improvements	485,191,541	3,561,089	32,506	488,785,136
Furniture and equipment	33,964,994	4,695,825	(171,005)	38,489,814
Capital leases	1,109,770	-	-	1,109,770
Construction in progress	47,225	16,698,273	(32,506)	16,712,992
Totals at historic cost	561,347,309	26,720,810	(171,005)	587,897,114
Less accumulated depreciation for:				
Buildings and improvements	71,202,290	7,576,024	-	78,778,314
Furniture and equipment	19,416,793	3,558,063	(114,543)	22,860,313
Capital leases	92,481	110,976	-	203,457
Total accumulated depreciation	90,711,564	11,245,063	(114,543)	101,842,084
Governmental activities capital assets, net	<u>\$ 470,635,745</u>	<u>\$ 15,475,747</u>	<u>\$ (56,462)</u>	<u>\$ 486,055,030</u>

Depreciation expense was charged to governmental functions as follows:

11	Instruction	\$ 5,404,075
12	Instructional Resources and Media Services	257,784
13	Curriculum Development and Instructional Staff Development	2,317
21	Instructional Leadership	36,518
23	School Leadership	329,819
31	Guidance, Counseling and Evaluation Services	110,176
33	Health Services	81,123
34	Student (Pupil) Transportation	1,389,976
35	Food Services	887,339
36	Extracurricular Activities	1,298,979
41	General Administration	207,584
51	Facilities Maintenance and Operations	990,716
52	Security and Monitoring Services	77,140
53	Data Processing Services	171,517
	Total depreciation expense	<u>\$ 11,245,063</u>

(Continued)

SOCORRO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

IV. DETAILED NOTES ON ALL FUNDS (Continued)

G. Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2012, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable	320,473,573	50,345,000	13,463,936	357,354,637	11,990,000
Accretion Payable	44,368,485	2,154,688	4,696,064	41,827,109	-
Premium and Discount on Issuance of Bonds	27,850,249	2,262,151	2,489,469	27,622,931	2,452,471
	<u>392,692,307</u>	<u>54,761,839</u>	<u>20,649,469</u>	<u>426,804,677</u>	<u>14,442,471</u>
Other Liabilities:					
Capital Leases	742,677	-	367,536	375,141	375,141
Arbitrage	5,272	282	-	5,554	-
Total Other Liabilities	<u>747,949</u>	<u>282</u>	<u>367,536</u>	<u>380,695</u>	<u>375,141</u>
Total Governmental Long-term Liabilities	<u>393,440,256</u>	<u>54,762,121</u>	<u>21,017,005</u>	<u>427,185,372</u>	<u>14,817,612</u>

H. General Long-Term Debt

Long-term debt activity for the year ended June 30, 2012, was as follows:

Description	Interest Rate	Original Issue	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Bond Series 1994	4.7 - 5.53						
Capital appreciation bonds		\$ 26,819,535	\$ 516,214	\$ -	\$ 516,214	\$ -	\$ -
Bond Series 1995	6.25-6.375						
Capital appreciation bonds		10,053,665	317,722	-	317,722	-	-
Refunding Bonds 1998	4.25 - 5.25						
Current interest bonds		6,960,000	-	-	-	-	-
Term bonds due 8-15-26		8,505,000	-	-	-	-	-
Capital appreciation bonds		1,754,235	1,754,235	-	-	1,754,235	-
Bond Series 2000	5.00-6.00						
Current interest bonds		25,879,985	-	-	-	-	-
Capital appreciation bonds		-	159,985	-	-	159,985	-
Unlimited Tax Building and Refunding Bond Series 2001	3.00 - 5.375						
Current interest bonds		47,430,000	3,090,000	-	3,090,000	-	-
Capital appreciation bonds		-	150,000	-	-	150,000	-
Term bonds due 8-15-23		-	300,000	-	300,000	-	-
Term bonds due 8-15-26		-	430,000	-	430,000	-	-

(Continued)

SOCORRO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Description	Interest Rate	Original Issue	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Unlimited Tax Building Bond Series 2004	2.50 - 5.00						
Current interest bonds		20,060,000	16,160,000	-	710,000	15,450,000	740,000
Terms bonds due 08-15-29		4,660,000	4,660,000	-	-	4,660,000	-
Unlimited Tax Refunding Bond Series 2005	3.00 - 5.25						
Current interest bonds		82,865,000	80,470,000	-	825,000	79,645,000	1,675,000
Unlimited Tax Building Bond Series 2005A	3.00 - 5.00						
Current interest bonds		74,920,000	68,920,000	-	2,085,000	66,835,000	2,190,000
Term bonds due 08-15-32		11,305,000	11,305,000	-	-	11,305,000	-
Unlimited Tax Refunding Bond Series 2006	3.75 - 5.00						
Current Interest Bonds		30,955,000	28,975,000	-	955,000	28,020,000	995,000
Capital Appreciation Bonds		2,940,417	2,940,417	-	-	2,940,417	-
Unlimited Tax Building Bond Series 2006A	4.00 - 5.00						
Current Interest Bonds		48,210,000	42,660,000	-	800,000	41,860,000	1,000,000
Term bonds due 08-15-31		22,475,000	22,475,000	-	-	22,475,000	-
Unlimited Tax Refunding Bond Series 2008	4.00-4.75						
Current Interest Bonds		13,695,000	11,095,000	-	550,000	10,545,000	1,420,000
Capital Appreciation Bonds		1,439,984	-	-	-	-	-
Unlimited Tax Refunding Bond Series 2009	3.00						
Current Interest Bonds		11,055,000	8,105,000	-	2,755,000	5,350,000	2,840,000
Unlimited Tax Refunding Bond Series 2010	2.00-4.00						
Current Interest Bonds		15,215,000	14,990,000	-	130,000	14,860,000	-
Capital Appreciation Bonds		1,000,000	1,000,000	-	-	1,000,000	1,000,000
Unlimited Tax Building and Refunding Bond Series 2011	2.00-5.00						
Current Interest Bonds		50,345,000	-	50,345,000	-	50,345,000	130,000
Total		518,542,821	320,473,573	50,345,000	13,463,936	357,354,637	11,990,000

The total interest charged during the year ended June 30, 2012 was \$16,121,230.

(Continued)

SOCORRO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Accretion Payable for the year ended June 30, 2012, is as follows:

Description	Beginning Balance	Accrual of Accretion	Accretion Retired	Accretion Outstanding 06/30/12
Bond Series 1994	\$ 4,078,786	\$ -	\$ 4,078,786	\$ -
Bond Series 1995	588,022	29,256	617,278	-
Refunding Bonds 1998	5,865,574	422,546	-	6,288,120
Series 2000 Building Bonds	861,501	64,979	-	926,480
Unlimited Tax Building & Refunding 2001	1,471,172	92,223	-	1,563,395
Unlimited Tax Refunding 2006	30,532,386	1,519,957	-	32,052,343
Unlimited Tax Refunding 2010	971,044	25,727	-	996,771
	<u>\$44,368,485</u>	<u>\$ 2,154,688</u>	<u>\$ 4,696,064</u>	<u>\$ 41,827,109</u>

Net Unamortized Premium and Discount on Issuance of Bonds for the year ended June 30, 2012 are as follows:

Description	Outstanding 07/01/11	Discount and Premiums on New Issues	Net Amortization Recognized	Outstanding 06/30/12	Due Within One Year
Series 2001	\$ 37,023	\$ -	\$ 37,023	\$ -	\$ -
Series 2004	305,451	-	20,191	285,260	20,183
Series 2005	3,424,863	-	200,004	3,224,859	199,871
Series 2005A	3,081,758	-	161,128	2,920,630	161,043
Series 2006	16,702,972	-	1,649,676	15,053,296	1,649,676
Series 2006A	2,620,201	-	130,263	2,489,938	130,263
Series 2008	271,713	-	18,579	253,134	18,579
Series 2009	221,502	-	104,236	117,266	104,236
Series 2010	1,184,766	-	78,332	1,106,434	78,332
Series 2011	-	2,262,151	90,037	2,172,114	90,288
Total Premium and Discount Payable	<u>\$ 27,850,249</u>	<u>\$ 2,262,151</u>	<u>\$ 2,489,469</u>	<u>\$ 27,622,931</u>	<u>\$ 2,452,471</u>

(Continued)

SOCORRO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Debt service requirements are as follows:

Year Ending June 30,	GENERAL OBLIGATIONS		Total Requirements
	Principal	Interest	
2013	\$ 11,990,000	\$ 17,896,079	\$ 29,886,079
2014	14,105,000	16,307,129	30,412,129
2015	11,281,120	24,209,753	35,490,873
2016	11,658,793	23,979,211	35,638,004
2017	11,902,785	23,590,762	35,493,547
2018 - 2022	94,696,692	84,867,978	179,564,670
2023 - 2027	93,945,247	41,697,538	135,642,785
2028 - 2032	76,450,000	16,579,575	93,029,575
2033 - 2037	31,325,000	3,202,050	34,527,050
Total	<u>\$ 357,354,637</u>	<u>\$ 252,330,075</u>	<u>\$ 609,684,712</u>

On August 2, 2011, the District issued general obligation Unlimited Tax School Building and Refunding bonds, Series 2011 in the amount of \$50,345,000 which will be used to construct, equip and renovate school buildings in the District, to refund \$1,915,000 of the Unlimited Tax Building and Refunding Bonds, Series 2001 (current interest bonds), and to pay the costs associated with the issuance and sale of the Bonds. The bonds are payable August 15 and February 15 of each year, commencing February 15, 2012 and ending on August 15, 2036. The refunding resulted in economic gain of \$278,858, and a positive cash flow of \$350,049. No defeased bonds are outstanding as of June 30, 2012.

The District has a number of capital appreciation bonds outstanding that were issued at deep discounts. These discounts are being accreted over the life of the bonds. In the year ended June 30, 2012, \$2,154,688 was accreted, the accumulated accreted balance is presented within the long-term liabilities.

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at June 30, 2012.

(Continued)

SOCORRO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

IV. DETAILED NOTES ON ALL FUNDS (Continued)

I. Commitments under Leases

Operating Leases

The District is obligated under various operating lease agreements for copy machine equipment. Operating leases with a term of more than one year provide for minimum future rental payments as of June 30, 2012, as follows:

<u>Year Ending June 30,</u>	
2013	\$ 561,662
2014	478,358
2015	<u>33,259</u>
Total Potential Minimum Rentals	<u><u>\$ 1,073,279</u></u>

Rental Expenditures for the year ended June 30, 2012 totaled \$980,327.

Capital Leases

As of June 30, 2012, the future minimum lease payment requirements are as follows (principal only):

<u>Year Ending June 30,</u>	
2013	<u>\$ 375,141</u>
Total Capital Lease Payments	<u><u>\$ 375,141</u></u>

Rental Expenditures (principal only) for the year ended June 30, 2012 totaled \$367,536.

J. Accumulated Unpaid Vacation and Sick Leave Benefits

Upon termination of employment, employees are not paid for any accrued sick leave or vacation leave. As such, no accrual is recorded in these financial statements.

(Continued)

SOCORRO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

IV. DETAILED NOTES ON ALL FUNDS (Continued)

K. Defined Benefit Pension Plan

Plan Description: Socorro Independent School District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8 Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publication heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701.

Funding Policy: Contribution requirements are not actuarially determined but are legally established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system during the fiscal year; (2) state statute prohibits benefit improvements if, as a result of a the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2012, 2011, and 2010, and for a state contribution rate of 6.00% for fiscal year 2012 and 6.644% for fiscal years 2011 and 2010. These rates are set by the General Appropriations Act. In certain instances, the reporting district is required to make all or a portion of the state's and/or member's contribution and on the portion of the employees' salaries that exceed the statutory minimum.

Contributions made by the State, District, and staff members to TRS for the year ended June 30, 2012 and 2011, and the year ended August 31, 2010, were as follows:

For the period ended	State TRS Contributions Made on Behalf of the District	District Required Contributions to TRS	Staff Members' Contributions to TRS
June 30, 2012	\$ 9,614,066	\$ 3,034,767	\$ 13,492,088
June 30, 2011	9,425,410	3,157,185	12,120,501
August 31, 2010	10,521,620	3,485,028	13,658,477

(Continued)

SOCORRO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

IV. DETAILED NOTES ON ALL FUNDS (Continued)

The contributions made by the State on behalf of the District have been recorded in the governmental fund financial statements of the District as both state revenues and expenditures. These contributions are the legal responsibility of the State.

L. School District Retiree Health Plan

Plan Description: The Socorro Independent School District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS Web site at www.trs.state.tx.us under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701.

Funding Policy: Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2012, 2011 and 2010.

Contributions made by the State, District, and staff members to TRS-Care for the year ended June 30, 2012 and 2011, and the year ended August 31, 2010 were as follows:

For the period ended	State TRS Care Contributions Made on Behalf of the District	District Required Contributions to TRS Care	Staff Members' Contributions to TRS Care
June 30, 2012	\$ 1,942,533	\$ 1,292,136	\$ 1,370,349
June 30, 2011	1,745,658	1,189,693	1,230,894
August 31, 2010	1,969,335	1,338,490	1,387,089

(Continued)

SOCORRO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

IV. DETAILED NOTES ON ALL FUNDS (Continued)

The contributions made by the State on behalf of the District have been recorded in the governmental fund financial statements of the District as both state revenues and expenditures. These contributions are the legal responsibility of the State.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. Medicare Part D contributions made on behalf of the District's employees for the year ended August 31, 2010 was \$561,214. Medicare Part D contributions made on behalf of the District's employees for the year ended June 30, 2012 and 2011 were \$480,901 and \$585,899, respectively. These amounts are recorded as equal revenues and expenditures in the governmental fund financial statements of the District.

The Early Retiree Reinsurance Program (ERRP) is a provision of the Patient Protection and Affordable Care Act (PPACA) and provides reimbursement to plan sponsors for a portion of the cost of providing health benefits to retirees between the ages of 55–64 and their covered dependants regardless of age. An "early retiree" is defined as a plan participant aged 55–64 who is not eligible for Medicare and is not covered by an active employee of the plan sponsor. This temporary program is available to help employers continue to provide coverage to early retirees. ERRP reimbursement is available on a first come, first served basis for qualified employers that apply and become certified for the program. TRS has been certified for this program and has received funds from the ERRP program. ERRP contributions made on behalf of the District's employees for the fiscal year ended June 30, 2012 was \$530,274. This amount is recorded as equal revenues and expenditures in the governmental fund financial statements of the District.

M. Healthcare Coverage

Beginning September 1, 2000, the District established a health self-insurance plan (the "plan"). The District contributes \$550 per month per employee to the plan and the employees, at their option, authorize payroll withholdings to pay premiums for dependents' health insurance coverage. A third party administrator acting on behalf of the District processes health claim payments.

Claims incurred after September 1, 2002 are subject to an individual stop-loss of \$400,000 per participant annually. Individual employee health claims are self-insured by the District up to \$400,000 annually and the Cigna Employee Benefits provides stop-loss benefits above \$400,000. At June 30, 2012, the District has recorded current health claim short term liabilities of \$2,784,620 in the Health Insurance Fund, an Internal Service Fund, representing claims reported but not paid and incurred but not reported.

(Continued)

SOCORRO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

IV. DETAILED NOTES ON ALL FUNDS (Continued)

These liabilities are based on requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements and the amount of loss can be reasonably estimated.

The latest financial statements available for Cigna Employee Benefits are filed with the Texas State Board of Insurance, Austin, Texas, and are public records. The District does not provide any post-retirement health benefits to its employees.

Changes in the medical claims liability amounts as of and as of June 30, 2012 and 2011 are presented below:

	Beginning of Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2011 - Medical	\$ 2,165,540	\$ 20,288,345	\$ 20,154,606	\$ 2,299,279
2012 - Medical	\$ 2,299,279	\$ 21,715,093	\$ 21,229,752	\$ 2,784,620

N. Self-Insured Workers' Compensation

The District sponsored a modified self-insurance plan with respect to worker's compensation claims through June 30, 2012. Effective October 1, 1999, the District obtained worker's compensation insurance from a third party provider, Claims Administrative Services. All claims active after the effective date of the change will continue to be paid from the District's self funded worker's compensation program. The District has accrued \$2,829,401 to cover these claims. Claims incurred are subject to an individual stop-loss of \$1,675,391 for the 2011-2012 plan year. The third party provider has performed an actuarial study.

This liability reported in the fund at June 30, 2012, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements, and the amount of loss can be reasonably estimated. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing the liability does not result necessarily in an exact amount.

(Continued)

SOCORRO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Changes in the workers' compensation claims liability amounts as of June 30, 2012 and 2011 are presented below:

	Beginning of Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Other Costs Billed to the Program	Balance at Fiscal Year-End
2011 - Workers' Compensation	\$ 1,504,568	\$ 1,774,049	\$ 1,186,295	\$ -	\$ 2,092,322
2012 - Workers' Compensation	\$ 2,092,322	\$ 2,187,395	\$ 1,450,316	-	\$ 2,829,401

O. Deferred Revenue

Deferred revenue at year end consisted of the following:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Property Tax	\$ 2,640,995	\$ 571,408	\$ -	\$ 3,212,403
Commodity Inventory	-	-	137,234	137,234
Federal Grants	63,416	-	-	63,416
State Grants	-	-	533,909	533,909
Total Deferred Revenue	\$ 2,704,411	\$ 571,408	\$ 671,143	\$ 3,946,962

P. Due from State Agencies and Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. A majority of the federal grants are passed through TEA. Amounts due from federal and state governments as of June 30, 2012, are summarized below.

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
State Support	\$ 20,165,548	\$ -	\$ -	\$ 20,165,548
Federal Grants	2,748,694	-	7,672,421	10,421,115
State Grants	-	908,129	222,801	1,130,930
Total	\$ 22,914,242	\$ 908,129	\$ 7,895,222	\$ 31,717,593

(Continued)

SOCORRO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Q. Revenue from Local and Intermediate Sources

During the current year, revenues from local and intermediate sources consisted of the following:

	General Fund	Debt Service Fund	Capital Projects Bond 2011	Nonmajor Governmental Funds	Total
Property Taxes	\$ 69,562,800	\$ 19,338,303	\$ -	\$ -	\$ 88,901,103
Penalties and Interest on Taxes	695,853	180,542	-	-	876,395
Tuition and Fees	21,560	-	-	10,295	31,855
Investment income	73,961	28,135	61,026	21,394	184,516
Rent	178,703	-	-	6,033	184,736
Insurance Recovery	28,429	-	-	-	28,429
Food Service Activity	-	-	-	3,605,759	3,605,759
Athletic Activities	190,156	-	-	3,488	193,644
Extracurricular	114,189	-	-	18,658	132,847
Other	450,102	3,186	-	123,254	576,542
Total	\$ 71,315,753	\$ 19,550,166	\$ 61,026	\$ 3,788,881	\$ 94,715,826

R. Fund Balance

As of June 30, 2012, fund balances are comprised of the following:

	General Fund	Debt Service Fund	Capital Projects Bond 2011	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Inventories	\$ 1,262,694	\$ -	\$ -	\$ 356,974	\$ 1,619,668
Restricted:					
Federal or State Funds					
Grants Restriction	-	-	-	8,380,326	8,380,326
Capital Acquisition and Contractual Obligation	-	-	28,189,490	3,246,768	31,436,258
Retirement of Long-Term Debt	-	34,566,126	-	-	34,566,126
Other Restricted Fund	-	-	-	893,554	893,554
Committed:					
Other Committed Fund					
Balance	4,508,334	-	-	-	4,508,334
Unassigned Fund Balance	69,303,239	-	-	-	69,303,239
Total	\$ 75,074,267	\$ 34,566,126	\$ 28,189,490	\$ 12,877,622	\$ 150,707,505

(Continued)

SOCORRO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

IV. DETAILED NOTES ON ALL FUNDS (Continued)

The other committed fund balance consists of funds committed for the purchase of a new Student and Finance Software System \$520,356, for the purchase and installation of artificial turf for four comprehensive high schools and the Student Activity Complex \$1,515,488, and for the completion of Capital Improvement Projects District-wide \$2,472,490.

As discussed in Note IV S, as of June 30, 2012, the District has \$1,260,970 encumbered of operating funds in the general fund that rolled over into the next fiscal year. These encumbrances were not assigned by the Board of Trustees and therefore reside in the unassigned balance of the general fund. Finally, the District has \$3,260,947 in E-Rate reserves that were not assigned by the Board as well; these funds also reside in the unassigned balance of the general fund.

S. Encumbrances

Encumbrance accounting is employed as an extension of formal budgetary integration for the general fund, special revenue funds, and capital projects funds. At June 30, 2012, certain amounts which were previously restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. Significant encumbrances included in governmental fund balances are as follows:

	<u>Encumbrances included in:</u>		
	<u>Restricted Fund Balance</u>	<u>Unassigned Fund Balance</u>	<u>Total</u>
General Fund	\$ -	\$ 1,260,970	\$ 1,260,970
Capital Projects Fund	20,583,526	-	20,583,526
Debt Service Fund	-	-	-
Nonmajor Governmental Funds	2,182,190	-	2,182,190
Total	\$ 22,765,716	\$ 1,260,970	\$ 24,026,686

T. Litigation

The District is the defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of the administration, the outcome of these lawsuits will not have a material effect on the accompanying basic financial statements and accordingly, no provision has been accrued.

U. Construction and Other Significant Commitments and Contingencies

Construction Commitments

The District had ongoing construction projects under non-cancelable contracts at June 30, 2012. Commitments for services yet to be performed totaled approximately \$22,472,368.

(Continued)

SOCORRO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Project Name	Spent To Date	Remaining Commitment
Eastlake High School	\$ 43,461,814	\$ 1,072,779
El Dorado 9th Grade Academy	41,788,702	297,646
Chester E. Jordan	15,290,533	483,402
Americas High School Field House	824,331	35,016
New Combo (Elementary and Middle School)	6,268,119	9,699,607
Eastlake High School Phase III	4,174,733	10,064,095
Socorro High School Science Lab Upgrade	87,055	39,790
Montwood High School Science Lab Upgrade	87,055	39,790
Americas High School Science Lab Upgrade	87,055	39,790
El Dorado High School Science Lab Upgrade	87,055	39,790
Benito HVAC	1,442,284	49,000
Campestre HVAC	801,640	-
Hueco HVAC	1,300,782	55,676
Myrtle Cooper HVAC	1,097,643	274,929
O'Shea Keleher HVAC	1,242,100	140,529
Robert Rojas HVAC	1,215,974	140,529
Total	<u>\$ 119,256,875</u>	<u>\$ 22,472,368</u>

Federal and State Funding

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies; therefor, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at June 30, 2012 may be impaired. In the opinion of administration, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

Rebatable Arbitrage - Arbitrage is evaluated and estimated on an annual basis by a third party arbitrage rebate service company. The arbitrage rebate service company estimated a possible liability of \$5,554, assuming the District does not use the bond funds within a specific period. However, the District's management intends to use the bond proceeds within the required time frame.

V. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board maintains insurance policies acquired from independent insurance carriers covering all structural property, automobiles, dishonesty, errors and omissions, boiler and machinery, personal property, and general liability. There have been no significant reductions insurance coverage from prior years and settlements have not exceeded insurance coverage.

(Continued)

SOCORRO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

IV. DETAILED NOTES ON ALL FUNDS (Continued)

For the year ended June 30, 2012, the District carried insurance for building and contents in the amount of \$708,509,668 with a deductible of \$250,000 per occurrence. Automobile liability is limited to \$100,000 per person and \$300,000 per occurrence with a \$10,000 deductible per occurrence. Automobile physical damage is limited to \$90,000 with a \$1,000 deductible per claim.

W. Related Party Transactions

From time to time, the District may enter into transactions with related parties through the normal course of business. If a Board member has a conflict of interest, proper documentation is completed and he/she is required to abstain from any discussion or voting regarding the matter. Management is not aware of any material related party transactions that occurred during the year ended June 30, 2012.

X. Related Organizations

The William G. Barber Scholarship Foundation (the "Foundation"), a not-for-profit entity which was organized to provide scholarship funds, is a "related organization" of the District as defined by ***Governmental Accounting Standards Board Statement No. 14 and No. 39***. The members of the board of the Foundation are appointed by an outside taxpayer group. The Foundation's financial condition and results of operations are not included in the District's financial statements.

The Foundation for Excellence in Education (the "Foundation"), a not-for-profit entity was organized to perform charitable, scientific and educational activities, is a "related organization" of the District as defined by ***Governmental Accounting Standards Board Statement No. 14 and No. 39***. The members of the board of the Foundation are appointed by an outside taxpayer group. The Foundation's financial condition and results of operations are not included in the District's financial statements.

Y. Top Ten Taxpayers

The following businesses represent the top ten taxpayers for the District:

<u>Name</u>	<u>Taxable Value</u>
River Oaks Properties LTD	\$ 111,100,809
Sierra Providence Physical Rehabilitation Hospital	94,168,649
PMI Trading LTD	51,504,734
Magellan Asset Services LP	38,964,801
El Paso Electric Co	31,630,719
Texas Gas Service	28,815,583
Industrial Portfolio LTD Partnership	25,695,482
Hueco Valley Residential Partners LTD	25,220,827
Dell Products LP	22,801,372
Wal-Mart Stores Texas LLC	<u>22,761,553</u>
Total	<u>\$ 452,664,529</u>

(Continued)

SOCORRO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

IV. DETAILED NOTES ON ALL FUNDS (Continued)

Z. Subsequent Event

On July 19, 2012 the District issued Unlimited Tax School Building and Refunding Bonds Series 2012 in the amount of \$129,370,000. This liability is not reflected in these financial statements.

AA. Budget Variance - Child Nutrition Program

The Child Nutrition Program (Fund 240) is reporting a budget overage in function 81 which is presented on Exhibit J-4. The overage in function 81 is due to an expenditure charged to function 35 that was incurred during the remodeling of the kitchen, the expenditure was subsequently capitalized and the reclassification resulted in the negative budget balance. Overall, the District operated within the approved budget for the Child Nutrition Program.

AB. Prior Period Adjustment

During the fiscal year ended June 30, 2011 in the General fund, liabilities were understated by \$63,445 and receivables were understated by \$533,497 due to improper recognition in previous years. The net effect of the aforementioned adjustments is to increase fund balance in the general fund by \$470,052.

The Texas Education Agency recalculated the EDA and IFA allotment and as a result, the Debt Service Fund revenue for fiscal year ended June 30, 2011 was overstated by \$852,462. A prior period adjustment has been recorded to adjust the revenue to actual and decrease the Debt Service fund balance.

The net effect of the aforementioned adjustments is to decrease fund balance in the governmental funds and net assets at the government wide level by \$382,410.

REQUIRED SUPPLEMENTARY INFORMATION

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SOCORRO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 67,769,221	\$ 70,537,142	\$ 71,315,753	\$ 778,611
5800	State Program Revenues	214,499,479	213,909,011	213,725,574	(183,437)
5900	Federal Program Revenues	1,640,000	1,809,872	3,945,062	2,135,190
5020	Total Revenues	283,908,700	286,256,026	288,986,389	2,730,363
EXPENDITURES:					
Current:					
0011	Instruction	172,295,141	175,999,668	171,899,838	4,099,830
0012	Instructional Resources and Media Services	2,491,558	2,506,611	2,058,017	448,594
0013	Curriculum and Instructional Staff Development	615,836	1,214,933	985,718	229,215
0021	Instructional Leadership	3,825,281	4,131,101	3,845,356	285,745
0023	School Leadership	18,197,022	18,447,245	17,902,465	544,780
0031	Guidance, Counseling and Evaluation Services	8,436,669	8,576,443	8,220,091	356,352
0032	Social Work Services	1,037,471	1,339,009	1,275,832	63,177
0033	Health Services	1,197,651	1,309,958	1,136,177	173,781
0034	Student (Pupil) Transportation	10,896,742	10,889,942	9,160,603	1,729,339
0036	Extracurricular Activities	8,782,429	9,604,749	8,517,235	1,087,514
0041	General Administration	6,440,142	7,302,733	7,031,934	270,799
0051	Facilities Maintenance and Operations	35,366,084	37,437,180	32,561,148	4,876,032
0052	Security and Monitoring Services	6,041,781	6,223,562	5,515,714	707,848
0053	Data Processing Services	3,916,455	5,808,874	4,802,150	1,006,724
0061	Community Services	783,429	786,989	727,577	59,412
Debt Service:					
0071	Principal on Long Term Debt	368,148	368,148	368,148	-
0072	Interest on Long Term Debt	12,321	12,321	12,320	1
Capital Outlay:					
0081	Facilities Acquisition and Construction	635,316	5,520,822	2,336,047	3,184,775
Intergovernmental:					
0099	Other Intergovernmental Charges	1,410,000	1,280,000	1,278,526	1,474
6030	Total Expenditures	282,749,476	298,760,288	279,634,896	19,125,392
1200	Net Change in Fund Balances	1,159,224	(12,504,262)	9,351,493	21,855,755
0100	Fund Balance - July 1 (Beginning)	65,252,722	65,252,722	65,252,722	-
1300	Increase (Decrease) in Fund Balance	-	-	470,052	470,052
3000	Fund Balance - June 30 (Ending)	\$ 66,411,946	\$ 52,748,460	\$ 75,074,267	\$ 22,325,807

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SUPPLEMENTARY INFORMATION

SOCORRO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2012

Data Control Codes	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	213 ESEA Title I Part B Even Start
ASSETS			
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -
1240 Receivables from Other Governments	2,297,118	36,763	-
1260 Due from Other Funds	-	-	-
1290 Other Receivables	-	-	-
1300 Inventories	-	-	-
1000 Total Assets	<u>\$ 2,297,118</u>	<u>\$ 36,763</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
2110 Accounts Payable	\$ 477,029	\$ 6,772	\$ -
2160 Accrued Wages Payable	69,962	-	-
2170 Due to Other Funds	1,750,127	29,991	-
2180 Due to Other Governments	-	-	-
2300 Deferred Revenues	-	-	-
2000 Total Liabilities	<u>2,297,118</u>	<u>36,763</u>	<u>-</u>
Fund Balances:			
Nonspendable Fund Balance:			
3410 Inventories	-	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	-
3490 Other Restricted Fund Balance	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 2,297,118</u>	<u>\$ 36,763</u>	<u>\$ -</u>

220 Adult Education Federal	223 TANF Family Assistance	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition
\$ -	\$ -	\$ -	\$ -	\$ 10,422,651	\$ -	\$ -	\$ -
195,602	13,052	2,148,145	32,992	292,268	73,529	256,977	300,523
-	-	-	-	390,284	-	-	-
-	-	-	-	13,520	-	-	-
-	-	-	-	356,974	-	-	-
<u>\$ 195,602</u>	<u>\$ 13,052</u>	<u>\$ 2,148,145</u>	<u>\$ 32,992</u>	<u>\$ 11,475,697</u>	<u>\$ 73,529</u>	<u>\$ 256,977</u>	<u>\$ 300,523</u>
\$ 15,166	\$ -	\$ 270,548	\$ -	\$ 339,990	\$ 2,987	\$ 394	\$ 177
1,274	624	230,873	4,242	163,014	7,426	4,170	14,412
179,162	12,428	1,646,724	28,750	3,007,120	63,116	252,413	285,934
-	-	-	-	-	-	-	-
-	-	-	-	137,234	-	-	-
<u>195,602</u>	<u>13,052</u>	<u>2,148,145</u>	<u>32,992</u>	<u>3,647,358</u>	<u>73,529</u>	<u>256,977</u>	<u>300,523</u>
-	-	-	-	356,974	-	-	-
-	-	-	-	7,471,365	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,828,339</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 195,602</u>	<u>\$ 13,052</u>	<u>\$ 2,148,145</u>	<u>\$ 32,992</u>	<u>\$ 11,475,697</u>	<u>\$ 73,529</u>	<u>\$ 256,977</u>	<u>\$ 300,523</u>

SOCORRO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2012

Data Control Codes	266 Title XIV ARRA State Stabilization	272 Medicaid Admin. Claim MAC	279 Title II, D ARRA - Ed. Technology	280 Safe Routes to School Grant
ASSETS				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1240	Receivables from Other Governments	-	108,417	-
1260	Due from Other Funds	-	-	-
1290	Other Receivables	-	-	-
1300	Inventories	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ 108,417</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110	Accounts Payable	\$ -	\$ 1,104	\$ -
2160	Accrued Wages Payable	-	-	-
2170	Due to Other Funds	-	107,313	-
2180	Due to Other Governments	-	-	-
2300	Deferred Revenues	-	-	-
2000	Total Liabilities	<u>-</u>	<u>108,417</u>	<u>-</u>
Fund Balances:				
Nonspendable Fund Balance:				
3410	Inventories	-	-	-
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-
3490	Other Restricted Fund Balance	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 108,417</u>	<u>\$ -</u>

283 IDEA, Pt. B ARRA Formula	284 IDEA, Pt. B ARRA Preschool	285 ESEA I,A Improving Basic Program	287 Education Jobs Fund	288 Elementary & Secondary Sch Counseling	289 Other Federal Special Revenue Funds	381 Adult Basic Education State	394 Life Skills Program
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	1,892,282	24,753	-	-	-
-	-	-	-	-	-	27,727	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,892,282</u>	<u>\$ 24,753</u>	<u>\$ -</u>	<u>\$ 27,727</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	1,892,282	24,753	-	27,727	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,892,282</u>	<u>\$ 24,753</u>	<u>\$ -</u>	<u>\$ 27,727</u>	<u>\$ -</u>

SOCORRO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2012

Data Control Codes	397 Advanced Placement Incentives	404 Student Success Initiative	409 High School Completion and Success	410 State Textbook Fund
ASSETS				
1110 Cash and Cash Equivalents	\$ 68,353	\$ -	\$ -	\$ 626,337
1240 Receivables from Other Governments	-	119,575	1,578	-
1260 Due from Other Funds	-	-	-	-
1290 Other Receivables	-	-	-	-
1300 Inventories	-	-	-	-
1000 Total Assets	<u>\$ 68,353</u>	<u>\$ 119,575</u>	<u>\$ 1,578</u>	<u>\$ 626,337</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110 Accounts Payable	\$ 1,110	\$ -	\$ -	\$ 159,997
2160 Accrued Wages Payable	-	-	-	-
2170 Due to Other Funds	-	119,575	1,578	-
2180 Due to Other Governments	-	-	-	-
2300 Deferred Revenues	67,243	-	-	466,340
2000 Total Liabilities	<u>68,353</u>	<u>119,575</u>	<u>1,578</u>	<u>626,337</u>
Fund Balances:				
Nonspendable Fund Balance:				
3410 Inventories	-	-	-	-
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	-	-
3490 Other Restricted Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 68,353</u>	<u>\$ 119,575</u>	<u>\$ 1,578</u>	<u>\$ 626,337</u>

411 Technology Allotment	423 Texas Fitness NOW Grant	425 Teacher Induction and Mentoring	427 DATE Cycle 2 Grant	429 Other State Special Revenue Funds	461 District Internal Funds	480 Got Breakfast Grant	Total Nonmajor Special Revenue Funds
\$ 2,377,635	\$ -	\$ -	\$ -	\$ 326	\$ -	\$ -	\$ 13,495,302
-	-	-	101,648	-	-	-	7,895,222
-	-	-	-	-	893,554	2,000	1,313,565
-	-	-	-	-	-	1,000	14,520
-	-	-	-	-	-	-	356,974
<u>\$ 2,377,635</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,648</u>	<u>\$ 326</u>	<u>\$ 893,554</u>	<u>\$ 3,000</u>	<u>\$ 23,075,583</u>
\$ -	\$ -	\$ -	\$ 93,607	\$ -	\$ -	\$ -	\$ 1,368,881
-	-	-	-	-	-	-	495,997
1,468,674	-	-	8,041	-	-	3,000	10,880,981
-	-	-	-	-	-	-	27,727
-	-	-	-	326	-	-	671,143
<u>1,468,674</u>	<u>-</u>	<u>-</u>	<u>101,648</u>	<u>326</u>	<u>-</u>	<u>3,000</u>	<u>13,444,729</u>
-	-	-	-	-	-	-	356,974
908,961	-	-	-	-	-	-	8,380,326
-	-	-	-	-	-	-	-
-	-	-	-	-	893,554	-	893,554
<u>908,961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>893,554</u>	<u>-</u>	<u>9,630,854</u>
<u>\$ 2,377,635</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,648</u>	<u>\$ 326</u>	<u>\$ 893,554</u>	<u>\$ 3,000</u>	<u>\$ 23,075,583</u>

SOCORRO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2012

Data Control Codes	696 Capital Projects	Total Nonmajor Governmental Funds
ASSETS		
1110 Cash and Cash Equivalents	\$ 16,125,614	\$ 29,620,916
1240 Receivables from Other Governments	-	7,895,222
1260 Due from Other Funds	-	1,313,565
1290 Other Receivables	-	14,520
1300 Inventories	-	356,974
1000 Total Assets	<u>\$ 16,125,614</u>	<u>\$ 39,201,197</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
2110 Accounts Payable	\$ 317,834	\$ 1,686,715
2160 Accrued Wages Payable	-	495,997
2170 Due to Other Funds	12,561,012	23,441,993
2180 Due to Other Governments	-	27,727
2300 Deferred Revenues	-	671,143
2000 Total Liabilities	<u>12,878,846</u>	<u>26,323,575</u>
Fund Balances:		
Nonspendable Fund Balance:		
3410 Inventories	-	356,974
Restricted Fund Balance:		
3450 Federal or State Funds Grant Restriction	-	8,380,326
3470 Capital Acquisition and Contractual Obligation	3,246,768	3,246,768
3490 Other Restricted Fund Balance	-	893,554
3000 Total Fund Balances	<u>3,246,768</u>	<u>12,877,622</u>
4000 Total Liabilities and Fund Balances	<u>\$ 16,125,614</u>	<u>\$ 39,201,197</u>

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SOCORRO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

Data Control Codes	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	213 ESEA Title I Part B Even Start
REVENUES:			
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-
5900 Federal Program Revenues	9,909,723	191,007	5,332
5020 Total Revenues	<u>9,909,723</u>	<u>191,007</u>	<u>5,332</u>
EXPENDITURES:			
Current:			
0011 Instruction	7,459,410	135,767	-
0012 Instructional Resources and Media Services	185,861	-	-
0013 Curriculum and Instructional Staff Development	922,474	922	-
0021 Instructional Leadership	39,486	48,494	-
0023 School Leadership	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-
0032 Social Work Services	175,000	-	-
0033 Health Services	3,910	2,294	-
0034 Student (Pupil) Transportation	-	-	-
0035 Food Services	261	-	-
0036 Extracurricular Activities	1,236	-	-
0041 General Administration	121,386	-	-
0051 Facilities Maintenance and Operations	2,840	1,543	-
0052 Security and Monitoring Services	181	-	-
0053 Data Processing Services	64,574	-	-
0061 Community Services	933,104	1,987	5,332
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	-
6030 Total Expenditures	<u>9,909,723</u>	<u>191,007</u>	<u>5,332</u>
1200 Net Change in Fund Balance	-	-	-
0100 Fund Balance - July 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - June 30 (Ending)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

220 Adult Education Federal	223 TANF Family Assistance	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition
\$ -	\$ -	\$ -	\$ -	\$ 3,625,919	\$ -	\$ -	\$ -
-	-	-	-	124,835	-	-	-
<u>772,369</u>	<u>67,011</u>	<u>6,989,060</u>	<u>102,133</u>	<u>18,226,677</u>	<u>414,990</u>	<u>1,047,202</u>	<u>984,449</u>
<u>772,369</u>	<u>67,011</u>	<u>6,989,060</u>	<u>102,133</u>	<u>21,977,431</u>	<u>414,990</u>	<u>1,047,202</u>	<u>984,449</u>
405,539	65,867	3,740,578	102,133	-	399,452	438,437	978,070
-	-	-	-	-	-	-	-
320,846	1,009	410,082	-	-	15,538	608,765	1,551
-	-	1,243	-	-	-	-	-
-	-	2,581,171	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	255,986	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	19,479,414	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
45,984	135	-	-	-	-	-	4,828
-	-	-	-	30,645	-	-	-
<u>772,369</u>	<u>67,011</u>	<u>6,989,060</u>	<u>102,133</u>	<u>19,510,059</u>	<u>414,990</u>	<u>1,047,202</u>	<u>984,449</u>
-	-	-	-	2,467,372	-	-	-
-	-	-	-	5,360,967	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,828,339</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SOCORRO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NON MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

Data Control Codes	266 Title XIV ARRA State Stabilization	272 Medicaid Admin. Claim MAC	279 Title II, D ARRA - Ed. Technology	280 Safe Routes to School Grant
REVENUES:				
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-
5900	Federal Program Revenues	1,250,620	156,741	132,697
5020	Total Revenues	<u>1,250,620</u>	<u>156,741</u>	<u>132,697</u>
EXPENDITURES:				
Current:				
0011	Instruction	301,357	140,919	132,697
0012	Instructional Resources and Media Services	-	-	-
0013	Curriculum and Instructional Staff Development	160	329	-
0021	Instructional Leadership	6,700	-	-
0023	School Leadership	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	-
0032	Social Work Services	-	-	-
0033	Health Services	-	2,829	-
0034	Student (Pupil) Transportation	-	-	-
0035	Food Services	-	-	-
0036	Extracurricular Activities	-	-	-
0041	General Administration	-	-	-
0051	Facilities Maintenance and Operations	942,403	12,664	-
0052	Security and Monitoring Services	-	-	-
0053	Data Processing Services	-	-	-
0061	Community Services	-	-	3,523
Capital Outlay:				
0081	Facilities Acquisition and Construction	-	-	-
6030	Total Expenditures	<u>1,250,620</u>	<u>156,741</u>	<u>132,697</u>
1200	Net Change in Fund Balance	-	-	-
0100	Fund Balance - July 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

283 IDEA, Pt. B ARRA Formula	284 IDEA, Pt. B ARRA Preschool	285 ESEA I,A Improving Basic Program	287 Eucation Jobs Fund	288 Elementary & Secondary Sch Counseling	289 Other Federal Special Revenue Funds	381 Adult Basic Education State	394 Life Skills Program
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	78,321	8,535
592,609	239	451,407	7,232,873	330,113	45,941	-	-
<u>592,609</u>	<u>239</u>	<u>451,407</u>	<u>7,232,873</u>	<u>330,113</u>	<u>45,941</u>	<u>78,321</u>	<u>8,535</u>
363,150	239	425,278	-	-	34,403	77,921	8,535
-	-	-	2,257,177	-	-	-	-
18,680	-	-	-	-	-	-	-
3,181	-	-	-	-	-	-	-
-	-	-	2,501,226	-	-	-	-
15,743	-	-	-	253,124	-	-	-
-	-	-	244,151	76,989	-	-	-
22,430	-	-	2,230,319	-	-	-	-
169,425	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	11,538	-	-
-	-	-	-	-	-	-	-
-	-	26,129	-	-	-	400	-
-	-	-	-	-	-	-	-
<u>592,609</u>	<u>239</u>	<u>451,407</u>	<u>7,232,873</u>	<u>330,113</u>	<u>45,941</u>	<u>78,321</u>	<u>8,535</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SOCORRO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

Data Control Codes	397 Advanced Placement Incentives	404 Student Success Initiative	409 High School Completion and Success	410 State Textbook Fund
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	18,654	587,852	257,001	210,627
5900 Federal Program Revenues	11,286	-	-	-
5020 Total Revenues	<u>29,940</u>	<u>587,852</u>	<u>257,001</u>	<u>210,627</u>
EXPENDITURES:				
Current:				
0011 Instruction	16,421	366,780	32,973	210,627
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	13,519	221,072	221,172	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	2,856	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	<u>29,940</u>	<u>587,852</u>	<u>257,001</u>	<u>210,627</u>
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

411 Technology Allotment	423 Texas Fitness NOW Grant	425 Teacher Induction and Mentoring	427 DATE Cycle 2 Grant	429 Other State Special Revenue Funds	461 District Internal Funds	480 Got Breakfast Grant	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 144,046	\$ 3,000	\$ 3,772,965
-	2,827	10,326	1,400,481	201,066	-	-	2,900,525
-	-	-	-	-	-	-	48,918,002
-	2,827	10,326	1,400,481	201,066	144,046	3,000	55,591,492
-	2,827	-	604,014	1,951	-	-	16,445,345
-	-	-	-	53	-	-	2,443,091
-	-	10,326	721,223	-	-	-	3,487,668
-	-	-	75,244	-	-	-	174,348
-	-	-	-	-	-	-	2,504,082
-	-	-	-	-	-	-	2,850,038
-	-	-	-	-	-	-	496,140
-	-	-	-	-	-	-	2,517,768
-	-	-	-	199,062	-	-	368,487
-	-	-	-	-	-	3,000	19,482,675
-	-	-	-	-	15,370	-	16,606
-	-	-	-	-	-	-	121,386
103,240	-	-	-	-	1,134	-	1,063,824
-	-	-	-	-	68	-	11,787
-	-	-	-	-	-	-	64,574
-	-	-	-	-	30,513	-	1,051,935
-	-	-	-	-	-	-	30,645
103,240	2,827	10,326	1,400,481	201,066	47,085	3,000	53,130,399
(103,240)	-	-	-	-	96,961	-	2,461,093
1,012,201	-	-	-	-	796,593	-	7,169,761
\$ 908,961	\$ -	\$ -	\$ -	\$ -	\$ 893,554	\$ -	\$ 9,630,854

SOCORRO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

Data Control Codes	696 Capital Projects	Total Nonmajor Governmental Funds
REVENUES:		
5700 Total Local and Intermediate Sources	\$ 15,916	\$ 3,788,881
5800 State Program Revenues	-	2,900,525
5900 Federal Program Revenues	-	48,918,002
5020 Total Revenues	<u>15,916</u>	<u>55,607,408</u>
EXPENDITURES:		
Current:		
0011 Instruction	77,613	16,522,958
0012 Instructional Resources and Media Services	9,478	2,452,569
0013 Curriculum and Instructional Staff Development	-	3,487,668
0021 Instructional Leadership	-	174,348
0023 School Leadership	14,972	2,519,054
0031 Guidance, Counseling and Evaluation Services	-	2,850,038
0032 Social Work Services	-	496,140
0033 Health Services	-	2,517,768
0034 Student (Pupil) Transportation	-	368,487
0035 Food Services	-	19,482,675
0036 Extracurricular Activities	110,775	127,381
0041 General Administration	-	121,386
0051 Facilities Maintenance and Operations	425	1,064,249
0052 Security and Monitoring Services	9,773	21,560
0053 Data Processing Services	-	64,574
0061 Community Services	-	1,051,935
Capital Outlay:		
0081 Facilities Acquisition and Construction	<u>1,322,134</u>	<u>1,352,779</u>
6030 Total Expenditures	<u>1,545,170</u>	<u>54,675,569</u>
1200 Net Change in Fund Balance	(1,529,254)	931,839
0100 Fund Balance - July 1 (Beginning)	<u>4,776,022</u>	<u>11,945,783</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 3,246,768</u>	<u>\$ 12,877,622</u>

SOCORRO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 JUNE 30, 2012

	752	753	754	Total
	Print Shop	Workers Compensation	Health Care Insurance	Internal Service Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 2,786,517	\$ 647,797	\$ 4,699,791	\$ 8,134,105
Due from Other Funds	-	2,848,555	20,449,968	23,298,523
Other Receivables	-	-	213,730	213,730
Inventories	31,303	-	-	31,303
Deferred Expenses	-	100,760	-	100,760
Total Current Assets	<u>2,817,820</u>	<u>3,597,112</u>	<u>25,363,489</u>	<u>31,778,421</u>
Noncurrent Assets:				
Capital Assets:				
Furniture and Equipment	330,576	-	-	330,576
Depreciation on Furniture and Equipment	(328,809)	-	-	(328,809)
Total Noncurrent Assets	<u>1,767</u>	<u>-</u>	<u>-</u>	<u>1,767</u>
Total Assets	<u>2,819,587</u>	<u>3,597,112</u>	<u>25,363,489</u>	<u>31,780,188</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	22,284	-	2,364	24,648
Due to Other Funds	2,494,565	-	-	2,494,565
Accrued Expenses	-	2,829,401	2,784,620	5,614,021
Total Liabilities	<u>2,516,849</u>	<u>2,829,401</u>	<u>2,786,984</u>	<u>8,133,234</u>
NET ASSETS				
Investments in Capital Assets, Net of Debt	1,767	-	-	1,767
Unrestricted Net Assets	<u>300,971</u>	<u>767,711</u>	<u>22,576,505</u>	<u>23,645,187</u>
Total Net Assets	<u>\$ 302,738</u>	<u>\$ 767,711</u>	<u>\$ 22,576,505</u>	<u>\$ 23,646,954</u>

SOCORRO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	752	753	754	Total Internal Service Funds
	Print Shop	Workers Compensation	Health Care Insurance	
OPERATING REVENUES:				
Local and Intermediate Sources	\$ 495,877	\$ 2,375,771	\$ 40,078,224	\$ 42,949,872
Total Operating Revenues	<u>495,877</u>	<u>2,375,771</u>	<u>40,078,224</u>	<u>42,949,872</u>
OPERATING EXPENSES:				
Payroll Costs	176,746	174,706	271,603	623,055
Professional and Contracted Services	125,230	2,790,730	35,694,690	38,610,650
Supplies and Materials	113,741	-	-	113,741
Other Operating Costs	-	-	42,000	42,000
Depreciation Expense	3,481	-	-	3,481
Total Operating Expenses	<u>419,198</u>	<u>2,965,436</u>	<u>36,008,293</u>	<u>39,392,927</u>
Operating Income (Loss)	76,679	(589,665)	4,069,931	3,556,945
Total Net Assets - July 1 (Beginning)	<u>226,059</u>	<u>1,357,376</u>	<u>18,506,574</u>	<u>20,090,009</u>
Total Net Assets - June 30 (Ending)	<u>\$ 302,738</u>	<u>\$ 767,711</u>	<u>\$ 22,576,505</u>	<u>\$ 23,646,954</u>

SOCORRO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	752	753	754	Total
	Print Shop	Workers Compensation	Health Care Insurance	Internal Service Funds
<u>Cash Flows from Operating Activities:</u>				
Cash Received from User Charges	\$ 495,877	\$ 2,375,771	\$ 40,055,472	\$ 42,927,120
Cash Received from Assessments - Other Funds	179,740	-	-	179,740
Cash Payments to Employees for Services	(176,746)	(174,706)	(271,603)	(623,055)
Cash Payments for Suppliers	(99,097)	-	-	(99,097)
Cash Payments for Other Operating Expenses	(125,230)	(2,295,499)	(39,530,294)	(41,951,023)
Net Cash Provided by (Used for) Operating Activities	<u>274,544</u>	<u>(94,434)</u>	<u>253,575</u>	<u>433,685</u>
Net Increase (Decrease) in Cash and Cash Equivalents	274,544	(94,434)	253,575	433,685
Cash and Cash Equivalents at Beginning of Year	<u>2,511,973</u>	<u>742,231</u>	<u>4,446,216</u>	<u>7,700,420</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,786,517</u>	<u>\$ 647,797</u>	<u>\$ 4,699,791</u>	<u>\$ 8,134,105</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>				
Operating Income (Loss):	\$ 76,679	\$ (589,665)	\$ 4,069,931	\$ 3,556,945
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:				
Depreciation	3,481	-	-	3,481
Effect of Increases and Decreases in Current Assets and Liabilities:				
Decrease (increase) in Due from Other Funds	-	(212,212)	(4,272,547)	(4,484,759)
Decrease (increase) in Receivables	-	-	(22,752)	(22,752)
Decrease (increase) in Inventories	1,566	-	-	1,566
Decrease (increase) in Deferred Expenses	-	(29,636)	-	(29,636)
Increase (decrease) in Accounts Payable	14,644	-	(6,398)	8,246
Increase (decrease) in Due to Other Funds	178,174	-	-	178,174
Increase (decrease) in Accrued Expenses	-	737,079	485,341	1,222,420
Net Cash Provided by (Used for) Operating Activities	<u>\$ 274,544</u>	<u>\$ (94,434)</u>	<u>\$ 253,575</u>	<u>\$ 433,685</u>

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**REQUIRED TEA SCHEDULES
(UNAUDITED)**

SOCORRO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED JUNE 30, 2012

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2003 and prior years	Various	Various	\$ 2,940,099,413
2004	1.400060	0.201900	3,162,804,164
2005	1.368400	0.269300	3,591,466,682
2006	1.358300	0.269300	4,169,243,229
2007	1.244389	0.249300	4,887,625,808
2008	0.945567	0.222628	5,839,504,419
2009	0.965567	0.222628	6,553,015,165
2010	0.946140	0.233640	6,889,758,592
2011	0.946140	0.233550	7,059,956,800
2012 (School year under audit)	0.946140	0.263654	7,375,023,946
1000 TOTALS			

(10) Beginning Balance 7/1/2011	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2012
\$ 1,119,239	\$ -	\$ 34,476	\$ 12,212	\$ 16,010	\$ 1,088,561
234,549	-	10,812	1,559	(2,229)	219,949
261,331	-	12,332	2,427	(2,117)	244,455
313,170	-	26,928	5,339	(1,432)	279,471
328,006	-	36,544	7,322	(1,244)	282,896
391,015	-	56,782	13,369	(2,085)	318,779
648,911	-	182,886	42,167	(6,863)	416,995
936,012	-	250,705	61,909	(49,607)	573,791
2,133,958	-	754,236	186,179	(245,176)	948,367
-	89,222,597	68,099,072	18,976,672	-	2,146,853
<u>\$ 6,366,191</u>	<u>\$ 89,222,597</u>	<u>\$ 69,464,773</u>	<u>\$ 19,309,155</u>	<u>\$ (294,743)</u>	<u>\$ 6,520,117</u>

SOCORRO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2013-2014
 GENERAL AND SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION, 99 - APPRAISAL DISTRICT COST

Account Number	Account Name	1	2	3	4	5	6	7
		(702) School Board	(703) Tax Collections	(701) Supt's Office	(750) Indirect Cost	(720) Direct Cost	(other) Miscellaneous	Total
611X-6146	PAYROLL COSTS	\$ -	\$ -	\$ 619,996	\$ 3,525,665	\$ 1,443,477	\$ -	\$ 5,589,138
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	2,445	-	-	2,445
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	-	-	-	-	343,436	-	343,436
6212	Audit Services	-	-	-	115,000	-	-	115,000
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	1,278,526	-	-	-	-	1,278,526
6214	Lobbying	-	-	-	-	-	-	-
621X	Other Professional Services	-	-	-	360	-	-	360
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	-	-	-	-
6240	Contr. Maint. and Repair	-	-	-	-	56,200	-	56,200
6250	Utilities	-	-	-	-	1,914	-	1,914
6260	Rentals	-	-	8,068	48,525	9,185	-	65,778
6290	Miscellaneous Contr.	-	-	6,288	287,322	101,451	-	395,061
6320	Textbooks and Reading	-	-	6,732	2,085	2,172	-	10,989
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	-	-	9,296	141,927	98,845	-	250,068
6410	Travel, Subsistence, Stipends	21,669	-	10,982	39,481	8,876	-	81,008
6420	Ins. and Bonding Costs	-	-	-	129,901	-	-	129,901
6430	Election Costs	-	-	-	-	-	-	-
6490	Miscellaneous Operating	5,442	-	60,444	65,853	44,857	-	176,596
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	TOTAL	\$ 27,111	\$ 1,278,526	\$ 721,806	\$ 4,358,564	\$ 2,110,413	\$ -	\$ 8,496,420

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 332,765,296

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 5,045,825
Total Debt & Lease(6500)	(11)	380,468
Plant Maintenance (Function 51, 6100-6400)	(12)	33,364,928
Food (Function 35, 6341 and 6499)	(13)	7,587,043
Stipends (6413)	(14)	32,649
Column 4 (above) - Total Indirect Cost		<u>4,358,564</u>

SubTotal: 50,769,476

Net Allowed Direct Cost \$ 281,995,820

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 488,785,136
Historical Cost of Building over 50 years old	(16)	\$ 60,832
Amount of Federal Money in Building Cost (Net of #16)	(17)	\$ 1,824,823
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18)	\$ 38,489,814
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ 75,144
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 6,016,375

(8) NOTE A: \$64,574 in Function 53 expenditures are included in this report on administrative costs.
 \$1,278,526 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

SOCORRO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED JUNE 30, 2012

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 3,639,347	\$ 3,639,347	\$ 3,625,919	\$ (13,428)
5800 State Program Revenues	118,847	118,847	124,835	5,988
5900 Federal Program Revenues	17,135,638	18,675,576	18,226,677	(448,899)
5020 Total Revenues	20,893,832	22,433,770	21,977,431	(456,339)
EXPENDITURES:				
0035 Food Services	20,856,919	22,584,600	19,479,414	3,105,186
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	30,645	(30,645)
6030 Total Expenditures	20,856,919	22,584,600	19,510,059	3,074,541
1200 Net Change in Fund Balances	36,913	(150,830)	2,467,372	2,618,202
0100 Fund Balance - July 1 (Beginning)	5,360,967	5,360,967	5,360,967	-
3000 Fund Balance - June 30 (Ending)	\$ 5,397,880	\$ 5,210,137	\$ 7,828,339	\$ 2,618,202

SOCORRO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2012

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 18,197,952	\$ 18,197,952	\$ 19,550,166	\$ 1,352,214
5800	State Program Revenues	16,771,245	16,771,245	17,123,789	352,544
5020	Total Revenues	34,969,197	34,969,197	36,673,955	1,704,758
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	11,938,682	11,938,682	11,548,682	390,000
0072	Interest on Long Term Debt	23,017,515	23,017,515	20,817,294	2,200,221
0073	Bond Issuance Cost and Fees	13,000	661,262	45,277	615,985
6030	Total Expenditures	34,969,197	35,617,459	32,411,253	3,206,206
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(648,262)	4,262,702	4,910,964
OTHER FINANCING SOURCES (USES):					
7911	Capital Related Debt Issued (Regular Bonds)	-	1,920,964	1,920,964	-
7916	Premium or Discount on Issuance of Bonds	-	610,297	98,681	(511,616)
8949	Other (Uses)	-	(1,915,000)	(1,920,964)	(5,964)
7080	Total Other Financing Sources (Uses)	-	616,262	98,681	(517,581)
1200	Net Change in Fund Balances	-	(32,000)	4,361,383	4,393,383
0100	Fund Balance - July 1 (Beginning)	31,057,205	31,057,205	31,057,205	-
1300	Increase (Decrease) in Fund Balance	-	-	(852,462)	(852,462)
3000	Fund Balance - June 30 (Ending)	\$ 31,057,205	\$ 31,025,205	\$ 34,566,126	\$ 3,540,921

FEDERAL AWARD SECTION

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REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
Socorro Independent School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Socorro Independent School District, as of and for the year ended June 30, 2012, which collectively comprise the Socorro Independent School District's basic financial statements and have issued our report thereon dated October 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Socorro Independent School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Socorro Independent School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Socorro Independent School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Socorro Independent School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designated to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weakness. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Socorro Independent School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the Board of Trustees, others within the entity, federal awarding agencies, Texas Education Agency, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Gibson, Ruddock, Patterson LLC
El Paso, Texas
October 30, 2012

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Trustees
Socorro Independent School District

Compliance

We have audited Socorro Independent School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Socorro Independent School District's major federal programs for the year ended June 30, 2012. The Socorro Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Socorro Independent School District's management. Our responsibility is to express an opinion on the Socorro Independent School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Socorro Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Socorro Independent School District's compliance with those requirements.

In our opinion, Socorro Independent School District, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of Socorro Independent School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Socorro Independent School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Socorro Independent School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Trustees, others within the entity, federal awarding agencies, Texas Education Agency, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Gibson, Ruddock, Patterson LLC
El Paso, Texas
October 30, 2012

SOCORRO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Schedule Reference Number	PROGRAM	DESCRIPTION
<u>SUMMARY OF AUDITOR'S RESULTS</u>		
<u>Financial Statements</u>		
	Type of Auditor's Report issued:	Unqualified
	Internal control over financial reporting:	
	Material weaknesses identified?	None
	Significant deficiency identified that are not considered to be material weaknesses?	None reported
	Noncompliance material to the financial statements:	No
<u>Federal Awards</u>		
	Internal control over major programs:	
	Material weaknesses identified?	No
	Significant deficiency identified that are not considered to be material weaknesses?	None reported
	Type of auditor's report issued on compliance for major programs:	Unqualified
	Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No
	Major Federal Programs:	Child Nutrition Cluster: 10.553 School Breakfast Program (SBP); and 10.555 National School Lunch Program (NSLP). Adult Education - Basic Grants to States: 84.002A

(Continued)

SOCORRO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Schedule Reference Number	PROGRAM	DESCRIPTION
	Major Federal Programs: (Continued)	State Fiscal Stabilization Fund: 84.394A Title XIV, State Fiscal Stabilization Fund - ARRA.
		Education Jobs Fund: 84.410A Ed Jobs.
	Dollar threshold used to distinguish between type A and type B programs:	\$1,530,539
	Auditee qualified as low-risk auditee?	Yes

(Continued)

SOCORRO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Schedule Reference Number	PROGRAM	DESCRIPTION
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FINANCIAL STATEMENTS FINDINGS AND QUESTIONED COSTS

There were no current year findings.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no current year findings.

SOCORRO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF STATUS OF PRIOR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2012

Schedule Reference Number	PRIOR YEAR FINDING/ NONCOMPLIANCE	STATUS OF PRIOR YEAR'S FINDINGS/NONCOMPLIANCE
--	--	--

FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

There were no prior year findings.

FEDERAL AWARD FINDING AND QUESTIONED COSTS

There were no prior year findings.

SOCORRO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
<u>Passed Through Texas Department of Transportation</u>			
Safe Routes to School Grant	20.205	581XXF7121	\$ 3,523
Total Passed Through Texas Department of Transportation			\$ 3,523
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			\$ 3,523
U.S. DEPARTMENT OF DEFENSE			
<u>Passed Through Department of the Army</u>			
Army Youth Program in Your Neighborhood	12.000	NAFBA1-12-C-0004	\$ 1,584
Total Passed Through Department of the Army			\$ 1,584
<u>Passed Through Department of the Navy</u>			
Naval Junior Reserve Officer Training Corp	12.000	JROTC014S	\$ 298,242
Total Passed Through Department of the Navy			\$ 298,242
TOTAL DEPARTMENT OF DEFENSE			\$ 299,826
U.S. DEPARTMENT OF EDUCATION			
<u>Direct Programs</u>			
Impact Aid - P.L. 81,874 (Note A)	84.041B	S041B-2012-5132	\$ 308,228
Elementary & Secondary School Counseling Program	84.215E	Q215E090054	330,113
Total Direct Programs			\$ 638,341
<u>Passed Through State Department of Education</u>			
Adult Education (ABE) - Federal	84.002A	114100037110053	\$ 74,020
Adult Education (ABE) - Federal IDC	84.002A	114100037110053	1,004
Adult Education (ABE) - Federal	84.002A	124100087110454	98,902
Adult Education (ABE) - Federal IDC	84.002A	124100087110454	1,341
Adult Education (ABE) - Federal	84.002A	124100037110057	240,196
Adult Education (ABE) - Federal IDC	84.002A	124100037110057	3,257
Adult Education (ABE) - Federal	84.002A	124100017110412	359,251
Adult Education (ABE) - Federal IDC	84.002A	124100017110412	4,871
Total CFDA Number 84.002A			782,842
ESEA Title I Part A - Improving Basic Programs*	84.010A	11610101071909	1,363,409
ESEA Title I Part A - Improving Basic Prog IDC*	84.010A	11610101071909	15,673
ESEA Title I Part A - Improving Basic Programs*	84.010A	11610103071909	2,044
ESEA Title I Part A - Improving Basic Programs*	84.010A	12610101071909	8,508,467
ESEA Title I Part A - Improving Basic Prog IDC*	84.010A	12610101071909	111,979
ESEA Title I Part A - Improving Basic Programs*	84.010A	12610103071909	35,803
ESEA Title I Part A - Improving Basic Prog IDC*	84.010A	12610103071909	486
Total CFDA Number 84.010A			10,037,861
ESEA Title I Pt A - ARRA Improving Basic Prog*	84.389A	10551001071909	450,847
ESEA Title I Pt A - ARRA Improving Basic Prog IDC*	84.389A	10551001071909	6,056
ESEA Title I Pt A - ARRA Improving Basic Prog*	84.389A	10551003071909	560
ESEA Title I Pt A - ARRA Improving Basic Prog IDC*	84.389A	10551003071909	8
Total CFDA Number 84.389A			457,471
Total Title I, Part A Cluster			10,495,332
ESEA, Title I, Part C - Migratory Children	84.011A	11615001071909	51,221
ESEA, Title I, Part C - Migratory Children IDC	84.011A	11615001071909	56
ESEA, Title I, Part C - Migratory Children	84.011A	12615001071909	139,786

SOCORRO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
ESEA, Title I, Part C - Migratory Children IDC	84.011A	12615001071909	1,896
Total CFDA Number 84.011A			<u>192,959</u>
IDEA - Part B, Formula***	84.027A	116600010719096600	309,109
IDEA - Part B, Formula***	84.027A	126600010719096600	6,679,951
IDEA - Part B, Formula IDC***	84.027A	126600010719096600	76,159
Total CFDA Number 84.027A			<u>7,065,219</u>
IDEA - Part B, Preschool***	84.173A	116610010719096610	3,666
IDEA - Part B, Preschool***	84.173A	126610010719096610	98,467
IDEA - Part B, Preschool IDC***	84.173A	126610010719096610	1,247
Total CFDA Number 84.173A			<u>103,380</u>
IDEA, Part B, Formula - ARRA***	84.391A	10554001071909	592,609
IDEA, Part B, Formula - ARRA IDC***	84.391A	10554001071909	2,781
Total CFDA Number 84.391A			<u>595,390</u>
IDEA, Part B, Preschool - ARRA***	84.392A	10555001071909	239
Total Special Education Cluster (IDEA)			<u>7,764,228</u>
Career and Technical - Basic Grant	84.048A	11420006071909	414,990
Career and Technical - Basic Grant IDC	84.048A	11420006071909	2,125
Total CFDA Number 84.048A			<u>417,115</u>
ESEA, Title I, Part B - Even Start Family Literacy	84.213C	116120017110418	5,332
Advanced Placement Incentives	84.330	2501101	11,286
Title III, Part A - English Language Acquisition	84.365A	11671001071909	158,628
Title III, Part A - English Language Acq. IDC	84.365A	11671001071909	2,151
Title III, Part A - English Language Acquisition	84.365A	12671001071909	825,821
Title III, Part A - English Language Acq. IDC	84.365A	12671001071909	11,198
Total CFDA Number 84.365A			<u>997,798</u>
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	11694501071909	198,380
ESEA, Title II, Part A, Teacher/Principal IDC	84.367A	11694501071909	2,690
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	12694501071909	848,822
ESEA, Title II, Part A, Teacher/Principal IDC	84.367A	12694501071909	11,510
Total CFDA Number 84.367A			<u>1,061,402</u>
Summer School LEP	84.369A	S369A100045	34,403
Title II D Enhancing Ed Through Technology - ARRA	84.386A	10553001071909	132,697
Title II D Enhancing Ed Through Technology - IDC	84.386A	10553001071909	1,780
Total CFDA Number 84.386A			<u>134,477</u>
Title XIV, State Fiscal Stabilization Fund - ARRA	84.394A	11557001071909	1,250,620
Title XIV, State Fiscal Stabilization Fund - IDC	84.394A	11557001071909	16,879
Total CFDA Number 84.394A			<u>1,267,499</u>
Education Jobs Fund- ARRA	84.410A	11550101071909	7,232,873
Total Passed Through State Department of Education			<u>\$ 30,397,546</u>
TOTAL DEPARTMENT OF EDUCATION			<u>\$ 31,035,887</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778	HCAT# 529-07-0157-00	\$ 156,741
Texas Medical Healthcare Partnership	93.778	NPI/API 1720201106	1,215,869
Total CFDA Number 93.778			<u>1,372,610</u>

SOCORRO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2012

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Temporary Assistance for Needy Families (TANF)	93.558	113625017110324	7,048
Temporary Assistance for Needy Families (TANF)	93.558	123625017110387	59,963
Temporary Assistance for Needy Families (TANF) IDC	93.558	123625017110387	909
Total CFDA Number 93.558			<u>67,920</u>
Total Passed Through Texas Dept of Human Services			\$ 1,440,530
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>\$ 1,440,530</u>
U.S. DEPARTMENT OF JUSTICE			
<u>Direct Programs</u>			
Gang Resistance Education and Training Program	16.737	2010-JV-FX-0016	\$ 11,538
Total Direct Programs			<u>\$ 11,538</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>\$ 11,538</u>
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
School Breakfast Program**	10.553	714012	\$ 6,051,779
National School Lunch Program - Cash Assistance**	10.555	713012	11,072,205
National School Lunch Prog - Non-Cash Assistance**	10.555	713012	1,063,445
Total CFDA Number 10.555			<u>12,135,650</u>
Total Child Nutrition Cluster			<u>18,187,429</u>
Fresh Fruit & Vegetable Program	10.582	6TX310375	39,248
Total Passed Through the State Department of Agriculture			<u>\$ 18,226,677</u>
TOTAL DEPARTMENT OF AGRICULTURE			<u>\$ 18,226,677</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 51,017,981</u>

, **, and * Clustered Programs as required by the OMB A-133 Compliance Supplement June 2012

SOCORRO INDEPENDENT SCHOOL DISTRICT

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

1. For all federal programs, the District uses the fund types specified in the Texas Education Agency's *Financial Accountability System Resource Guide*. Special Revenue Funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, if balances have not been expended by the end of the project period, grantors may require the District to refund all or part of the unused amount.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for either in the General Fund or in a Special Revenue Fund, which is a Governmental Fund type. See reconciliation at item number 4. Indirect costs were accounted for in the General Fund. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund Types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned. Due to the nature of the reporting process for the SHARS program, the District recognizes revenue upon receipt of the reimbursement notice from the granting agency.

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Supplement - June 2012.
4. CFDA number 10.550 pertains to food commodities distributed by USDA under the following categorical programs: the National School Lunch Program (CFDA 10.555) and the Summer Food Service Program (CFDA 10.559). USDA deleted this number from the CFDA on May 6, 2008. Effective this date, the District will therefore identify commodity assistance by the CFDA numbers of the programs under which USDA donated the commodities.

(Continued)

SOCORRO INDEPENDENT SCHOOL DISTRICT

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

5. Of the federal expenditures presented in the schedule, the District accounted for certain funds in the General Fund as follows:

Program Title	Federal CFDA Number	Amount
Naval Junior Reserve Officer Training Corp	12.000	\$ 298,242
Army Youth Program in Your Neighborhood	12.000	1,584
Impact Aid (Title VIII of ESEA)	84.041B	308,228
Indirect Cost - Other	84.XXX	275,147
Indirect Cost - TANF	93.558	909
TX Medicare & Healthcare Partnership (TMHP)	93.778	1,215,869
SHARS (not included on Exhibit K-1)		<u>1,845,083</u>
 Total General Fund Federal Revenue per Exhibit C-3		 <u><u>\$ 3,945,062</u></u>

6. The total federal revenue presented on Exhibit K-1 can be reconciled to Exhibit C-3 as follows:

Expenditures of federal awards per Exhibit K-1	\$ 51,017,981
School Health and Related Services (SHARS) reimbursements	<u>1,845,083</u>
 Total Federal Revenue per Exhibit C-3	 <u><u>\$ 52,863,064</u></u>

SCHOOLS FIRST QUESTIONNAIRE

Socorro Independent School District

Fiscal Year 2012

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? - Was there an unqualified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year end.	41,827,109